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THURSDAY, NOVEMBER 15, 1956



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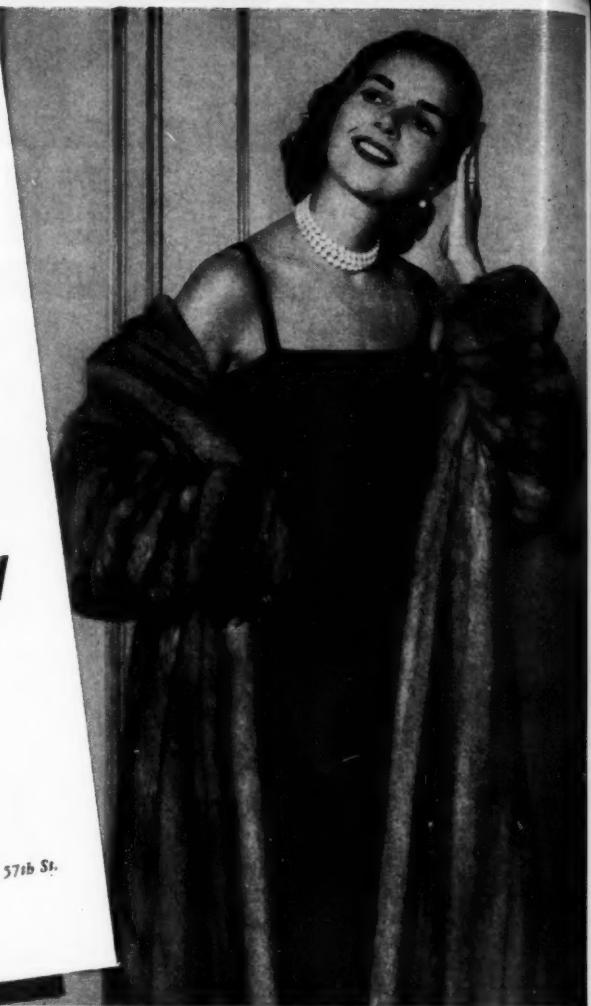
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The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

60th Year, No. 46
November 15, 1956

Conn. Agents Ask for UM, Oppose Fictitious Groups

Discuss Compulsory Threat, Competitive Problems at Big Hartford Convention

By KENNETH O. FORCE

HARTFORD—Compulsory was a big topic at the annual convention of Connecticut Assn. of Insurance Agents here, but competitive problems came in for their share of attention. About 500 were registered.

The association in a resolution asked the companies to make immediately available the uninsured motorist endorsement. In another resolution, the association went on record as opposing "common experience" plans, adjusted dividend scales, or other "cut-rate schemes" for groups having no common ownership and having a common interest only through membership in an association or through employment. This, the resolution asserted, is pure discrimination.

George W. Haynor of Waterbury took over as president from Walter E. North of Bridgeport. Eben Learned Jr. of Norwich moved up to vice-president, and Nelson I. Beers of Greenwich was named secretary-treasurer. William H. Wiley, executive secretary, and his assistant Miss Mary Battista, who did

(CONTINUED ON PAGE 36)



George W. Haynor

New Faces in NAIC to Follow Elections

Passe Club International, the organization of ex-insurance commissioners, will have a flurry of membership activity in January when a number of state administrations change hands. In some states commissioners who have several years to go on their terms may nevertheless find it expedient to remove themselves from office rather than buck an opposition administration.

Six commissioners were up for election Nov. 6 and all of them won out.

In Florida, Commissioner J. Edwin Larson was reelected without any opposition whatsoever.

Frank Sullivan of Kansas was reelected. Like Leggett of Missouri and Sullivan of Washington, he is a past president of NAIC and is one of the well liked commissioners.

John J. Holmes won his 7th term as state auditor and insurance commissioner of Montana. He has completed 24 years in this office and is the dean of Montana elected officials. He was also the leader of the Democratic ticket, as he was in 1948. His total vote of 158,371 was 3,507 more than received by President Eisenhower. His opponent, Alex Cunningham, received 98,596 votes.

Charles F. Gold, who has been North Carolina commissioner since 1953, was reelected. On incomplete returns, Mr. Gold, a Democrat, was leading his opponent, David W. Hill, 390,428 to 172,097.

Commissioner A. J. Jensen, Republican, was reelected in North Dakota. No vote figures are available yet.

One of the stalwarts in NAIC ranks, William A. Sullivan of Washington, was named to his 7th consecutive four year term by an overwhelming margin. In 4,408 precincts out of 4,782, Mr. Sullivan received a total vote of 537,806 against his Republican opponent Fred C. Becker's 351,000. The indicated margin for Mr. Sullivan is in excess of 200,000. He is the dean of insurance commissioners in the United States.

The election of a Republican governor in Ohio probably means a complete overturn in the higher levels of state officials. A new director of commerce will be named to succeed W. Harper Annat, and the insurance department is a division of Mr. Annat's bailiwick. A successor is expected to be named for August Pryatel of Cleveland, who is a career man and succeeded to the post of superintendent on the retirement of Walter A. Robinson. It is rumored that the office of superintendent has been offered to A. I. Vorys, a Columbus attorney, whose grandfather was superintendent in Ohio many years ago.

In Utah the new governor may make a change. He is a Republican as was

Ky. Department to Audit Homeowners

Commissioner Thurman of Kentucky has notified all insurers to instruct their agents to send daily reports on homeowners policies to the insurance department for auditing.

Circuit court of Franklin county last week reversed the commissioner's order requiring an audit of homeowners by Kentucky Inspection Bureau. This followed an appeal by Multiple Peril Insurance Rating Organization and North America from the commissioner's ruling of April 25. Mr. Thurman's latest move means that the department will constitute the audit bureau for homeowners policies, and objection to this procedure is expected by a number of insurers.

The court ruling held that regulation of insurance rates is an exercise of the police power which resides in the commonwealth of Kentucky. These powers cannot be delegated to private organizations such as the inspection bureau, the court said.

The court ruling would have made it unnecessary for homeowners policies to be audited, but in his latest order, Mr. Thurman sees to it that an audit will be made. He says numerous complaints have been made to the department regarding incorrect classification of construction and fire protection of dwellings and contents under homeowners. Because there is a necessity for personal inspection of questionable risks, it is impossible for an individual company or rating organization not domiciled in the state to determine accurately correct class of fire protection within certain sections of Louisville and other large cities and adjoining subdivisions. The department investigation showed that some owners were charged more and some less than the legal rate, resulting in "unfair discrimination."

"Being convinced that the laws of this commonwealth are being violated, inadvertently or intentionally by agents, it is my duty to see that the legal rates are charged," Mr. Thurman's order states. "Now therefore be it ordered:

"That all companies writing property, casualty and multiple line insurance

(CONTINUED ON PAGE 40)

Highlights of the Week's News

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Bureau Brings Out Broad Form of UM Cover Countrywide

Effective Dec. 12, NAIA Hails Move, Form for Non-Owner to Come

NEW YORK—National Bureau of Casualty Underwriters has filed countrywide a form of uninsured motorist cover, to become effective Dec. 13 if approved. The new form is called "family protection coverage."

Under the insurance the insurer agrees to pay all sums which insured shall be legally entitled to recover as damages from the owner or operator of an uninsured automobile because of bodily injury caused by accident. Coverage will apply even when the injury occurs while the insured is not occupying the automobile as, for example, if struck by an uninsured car while walking or bicycling. A hit-and-run car will be regarded as an uninsured car, and coverage will apply where neither the owner nor the operator of the hit-and-run car can be ascertained.

Included as insured are named insured as stated in the policy and, while residents of the same household, the husband or wife of named insured and their relatives. Guests also are included under the coverage while occupying an automobile operated by named insured or spouse.

The new coverage will be available to owners of private passenger cars eligible for insurance under the bureau's "family automobile policy," which is a contract designed exclusively for insuring private passenger cars owned by individuals or by husband and wife. The new family protection coverage will be afforded at low cost by endorsement of the automobile liability policy.

It will be issued for limits of liability corresponding to those specified in the financial responsibility law of the individual state. Higher limits will not be available.

A similar form of family protection (CONTINUED ON PAGE 40)

Late News Bulletins . . .

Insurers Sue Grain Firm for \$350,000

Five insurers firms have filed suit in U. S. district court at Philadelphia to recover \$350,034 paid to the Drexel Institute of Technology for damages resulting to the school's buildings from the explosion at the Tidewater Grain Co. granary last March.

The suit was filed against Tidewater by North America, L. & L. & G., National Union, Fire Association and Westchester Fire. This is a subrogation action which charges the grain company with negligence.

Seven other suits totaling \$995,400 have been filed for two deaths and a number of personal injuries. The suit involving Drexel is the first to be filed involving physical damage.

The insurers charge Tidewater with attempting to operate a defective automatic gas dryer, permitting dangerous explosive accumulations of dust, failure to maintain the plant according to industry standards, failure to adopt recommendations of National Board, failure to operate plant according to the city's building and fire codes and failure to observe state safety regulations.

E. C. Gengras Claims 200,000 Shares Oppose National Sale

E. Clayton Gengras, a director and stockholder of National Fire, made the claim this week that he has support of more than 200,000 of the 500,000 outstanding shares of National Fire in opposing the exchange of Continental Casualty for National Fire stock on the basis of 1 1/4 to 1.

Mr. Gengras for several weeks has been making every effort to block the purchase of National Fire by Continental Casualty. He claims the exchange of 1 1/4 to 1 is inadequate and unfair, although a great many insurance people wonder what the alternative might be.

In a statement two weeks ago, Shelly C. Davis of Shelby Cullom Davis & Co. of New York said if the purchase fails to go through it would ruin the morale of National Fire employees and have a devastating effect on the company.

Continental Casualty has been restricted by SEC regulations from taking much of an active part in the battle for National Fire proxies. Continental has announced that it is extending from Nov. 15 to Nov. 30 the deadline for turning in National Fire stock, and has said that it intends to announce on or before Nov. 30 whether it has 51% of National Fire's shares and will go through with the purchase, whether it has less than 51% and still intends to exchange shares for whatever percentage of National it can obtain, or whether the deal is off.

Observers of proxy contests have commented that the outside, attacking party has advantages that are hard for incumbent management to overcome. This seems to be true in the

case of Continental Casualty vs. E. C. Gengras. Mr. Gengras has been highly critical of the Continental proposal, but he has been vague as to what the future of National Fire might be if his ideas were to prevail. Continental Casualty has had to fall back on its prospectus and has not been able to counter the numerous telegrams and letters Mr. Gengras has sent to National Fire stockholders. The management of National Fire, led by E. H. Forkel, however, has been active in countering Mr. Gengras' statements and claims.

S. C. Conspiracy Trial Under Way

The trial of former commissioner D. D. Murphy of South Carolina and two Columbia, S. C., insurance men, G. R. P. Farquhar and Bradley Layton, is under way in Richland county general sessions court at Columbia. The three are charged with forcing the sale of Capital Life of Columbia to United of Chicago for \$1 million less than it was worth. United paid \$3 million.

Lester L. Bates, who sold Capital Life, and a candidate for governor in 1950 and 1954, testified that Mr. Murphy told him in June, 1954, that James F. Byrnes, governor at the time of the sale, had sent an ultimatum to the commissioner directing him to put Capital Life in receivership and cancel its license. Mr. Bates said he was given six days to find a buyer.

He said he was approached by Mr. Murphy as early as 1952 with the idea of selling Capital to United. The insurance department examined Capital Life in 1954 and it was after discussing this report with Mr. Murphy that he called United and agreed to sell, Mr. Bates indicated.

Defense attorneys sought to prove by examination reports that Capital Life was not in good financial condition before its sale. Mr. Bates denied that he accepted \$400,000 as a pay-off from United and asserted the money was part of the sale.

Asked if he sold Capital on just the threat of the commissioner, Mr. Bates said if the commissioner had placed Capital in receivership, the fact the company was insolvent would not have mattered. It wouldn't have been worth 20 cents in six months.

Mr. Byrnes, a political opponent of Mr. Bates, was scheduled to testify.

O. T. Hogan, chairman of United, and Paul Temple of Chicago, were named in the charges against Mr. Murphy, but South Carolina could not get them extradited. The state charges that Messrs. Murphy, Farquhar and Layton received substantial payments for arranging the sale.

\$2 Million Fire Rips Atomic Plant in Ky.

Fire at atomic energy commission's gaseous diffusion plant near Paducah, Ky., caused damage estimated in excess of \$2 million. There was no radiation hazard as a result of the fire, which was confined to one of the smaller buildings.

Although there was no insurance on the building, underwriters are interested because of their current preoccupation with coverage of the radiation hazards at atomic energy plants.

The Paducah plant has nothing to do with the manufacture of atomic weapons. It is a facility operated by Union Carbide Nuclear Co. for separating fissionable isotopes from uranium by the diffusion method.

Chicago "L" Train Crash Worst in City Since 1950

The worst public transportation accident in Chicago since 1950 occurred last week when a Chicago Transit Authority elevated train plowed into the rear end of a North Shore Line train at the Wilson avenue elevated station. Eight persons were killed and some 200 injured, 45 of them seriously.

With the \$25,000 limit of recovery for wrongful death in Illinois, maximum recovery on account of the deaths could reach \$200,000 if liability is assessed against the CTA. Additional liability for injuries and property damage could make the insurance loss one of the worst since the CTA took over the operation of public transportation in 1947.

The CTA is self-insured for the first \$250,000 of liability on its elevated lines (or rapid transit division) and has an \$850,000 excess policy covering its liability for personal injury and property

damage in any one accident or series of accidents arising from any one incident. The excess policy is with London Lloyds through Scarborough & Co., which has placed the insurance for many years.

The CTA self-insures all of its surface line operations, workmen's compensation and physical damage except for trust equipment which is fully insured while under the trust agreement and then reverts to the self-insurance program. It also is self-insured on fire and EC for the first \$500,000 and has an excess policy for \$1,500,000 with London Lloyds.

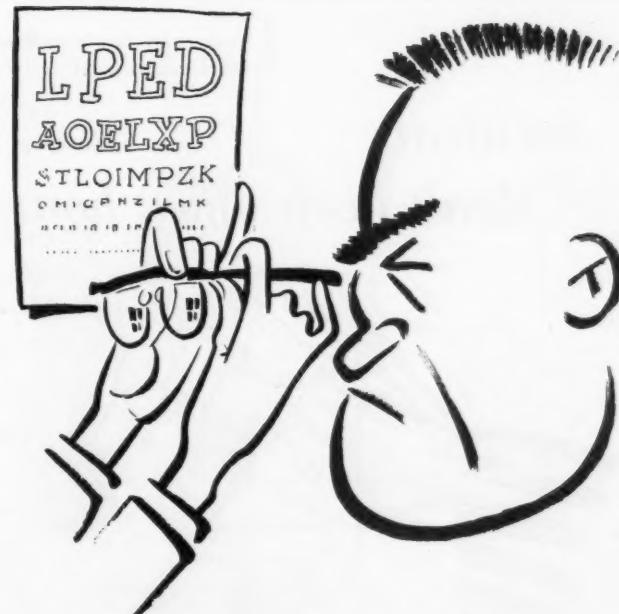
Claims as the result of the 1950 accident, when a surface line street car collided with a gasoline truck amounted to almost \$900,000. There were 34 deaths as a result of the accident with the most recent claim being paid only a year ago. It was reported at that time that personal injury claims amounted to \$477,076 with an additional \$4,000 paid to injured occupants of nearby buildings. Death claims added \$291,618 and 78 property damage claims totaled \$109,062.

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Bid Asked

Aetna Casualty	119	122
Aetna Fire	59	60 1/2
Aetna Life	176	180
Agricultural	29	30
American Equitable	32 1/2	34
American, (N.J.)	25	25 1/2
American Motorists	11	12
American Surety	18	19
Boston	33	34 1/2
Camden Fire	25 1/2	26 1/2
Continental Casualty	87	90
Crum & Forster com.	59	61
Federal	35 1/2	36 1/2
Fire Association	45 1/2	47 1/2
Fireman's Fund	51 1/2	53
Firemen's, (N.J.)	34 1/2	35 1/2
General Reinsurance	46 1/2	48
Glen Falls	69 1/2	71
Globe & Republic	16 1/2	17 1/2
Great American Fire	34 1/2	35 1/2
Hartford Fire	145	148
Hanover Fire	39 1/2	41
Home, (N.Y.)	43 1/2	44 1/2
Ins. Co. of No. America	96	98
Maryland Casualty	33 1/2	34 1/2
Mass. Bonding	28 1/2	30
National Casualty	62	64
National Fire	94	97
National Union	39 1/2	40 1/2
New Amsterdam Cas.	41 1/2	43
New Hampshire	38	39 1/2
North River	32	33
Ohio Casualty	23	24 1/2
Phoenix Conn.	66 1/2	68 1/2
Prov. Wash.	20 1/2	21 1/2
St. Paul F. & M.	50 1/2	51 1/2
Security, Conn.	32	33 1/2
Springfield F. & M.	50 1/2	51 1/2
Standard Accident	50 1/2	52
Travelers	75	76
U.S.F.&G.	66	68
U. S. Fire	23 1/2	24 1/2



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Ind. Agents Get Set for Another Big Convention

Registration for the annual meeting next week of Indiana Assn. of Insurance Agents is ahead of that same time a year ago and prospects are excellent for another turnout at the level of 1,200, a figure the Indiana association has achieved regularly for a number of years.

The meeting will open Monday with a luncheon presided over by Ray L. Strayer Sr., Warsaw, chairman of the rural and small lines agents committee. Jack C. Nisbet of Columbus will give a sales presentation, and following that the program will be divided into two sessions. At one, Indiana Fire Underwriters Assn. will take up package policies with Warren R. Bess, Providence Washington, as moderator. Joseph E. Cryan, assistant secretary of America Fore, will discuss the new farm survey credit plan, and there will be a sales skit on rural lines. A talk on agency perpetuation by Professor John D. Long

of Indiana university, and a discussion by the field men of commercial block contracts will feature the other session Monday afternoon. E. P. Ressler, National Fire, will moderate the block contract discussion.

That evening there will be a dinner for local board presidents and secretaries at which Harry E. McClain, secretary of the Indiana association, will preside.

The first general session will be Tuesday morning with President E. D. Watson presiding. Speakers will be John C. Stott of Norwich, N. Y., past president of the national association; Commissioner William J. Davey of Indiana, and James P. Walker of Augusta, Ga. In the afternoon state director Howard J. Gescheidler Jr. will preside at a session for agents only. The insurance women will describe the functions of their organizations; Ralph G. Hastings of Washington, a past president, will review the history of the Indiana association; Linn S. Kidd, Brazil, will give the legislative report, and new officers will be elected.

Wednesday morning there will be an informative panel moderated by James

C. O'Connor, editor of the FC&S bulletins. His panel will consist of Andrew A. Bain of LaFayette, W. Scott Dukes of Fort Wayne, Leslie R. Meyers of Hammond, and P. V. Smith of Evansville. Frank R. Reilly of AFCO will give a talk, and Maurice J. Hartson Jr. of New Orleans, a member of the National association executive committee, will talk on "Meeting the Challenge."

At the concluding luncheon, the speaker will be Dr. Harvey C. Hahn of Dayton, O. The awards and trophies of the Indiana association will be presented at this time, and the resolutions committee will make its report.

Some 400 Early Arrivals on Hand for Ky. Convention

LOUISVILLE—The annual convention of Kentucky Assn. of Insurance Agents got off to an early start here Sunday afternoon with a business meeting and several sales clinics. More than 400 registrants arrived by the time the meeting started.

Robert A. Lawton of Central City, president, opened the meeting with his president's report. He said the year had set a record for changes in the insurance business in Kentucky and pointed to some of the most recent as new farm rates and rules, approval of the mercantile block policy and auditing of homeowners policies by the insurance department. Mr. Lawton reviewed the association's activities during the past year and said the legislative committee should be especially praised for heading off a compulsory auto law and a detrimental comparative negligence law.

Sheridan C. Barnes of Elizabethtown, state national director, reported on the national convention and other activities of the national association.

Commissioner Thurman reviewed the qualifications for agent's licensing and discussed the responsibilities assumed by agents when they accept licenses. Mr. Thurman listed those records which must be maintained by agents and explained regulations on commission splitting, countersigning and "tie-in" sales.

Robert E. Battles of Los Angeles, president of the national association,

concluded the session of top speakers with a talk on multiple line insurance.

Field men participated in a series of fire and inland marine clinics which were arranged by J. B. Royster of Henderson and moderated by John S. Lemmon of Blue Ridge Ins. Co. and H. C. Pfenninger of Sun.

Panelists and their subjects were Martin Boedeker of Royal Exchange, "New Office Equipment Coverage"; George Wharton of Hartford Fire, "Farm Production"; Frank Adcock of America Fore, "Extra Expense Insurance," and Ken Dunkin of Travelers, "Unheralded Assistance at Agents' Fingertips." Earl Stauffer of Fireman's Fund and B. W. Voorhees of National of Hartford discussed the classification and solicitation of uncontrolled lines under inland marine.

The casualty clinics were arranged by Louie W. King of Olive Hill and moderated by Russell M. Caughron of Aetna Casualty. Panelists and their subjects were John James of Security-Connecticut group, "Family Auto Policy and General Auto Insurance"; E. C. Schoumacher of Maryland Casualty, "Comprehensive General Liability"; Otis Thompson of Aetna Casualty, "Public Official Bonds"; William Thayer of Security-Connecticut group, "OL&T and Manufacturers & Contractors Liability," and Wallis Lapham of Home Indemnity, "Storekeepers' Liability."

The traditional dinner for past-presidents and executive committee members closed the Sunday program.

Monday's session opened with an executive committee breakfast and meeting and included a business meeting, banquet and installation of officers. The meeting adjourned late Tuesday afternoon.

Buckeye Union Pays \$34 for Mayflower Stock, to Merge Insurers

Stockholders of Mayflower of Columbus are being offered \$34 a share for their holdings by Buckeye Union group, which has announced it already has consent of enough stock to make the purchase effective. It is intended to merge Mayflower into the Buckeye Union Group, the Mayflower stockholders are told.

J. Shelton Scales, local agent of Martinsville, Va., has been chosen president of the Kiwanis club there.

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Nationwide Corp. Seeks 100% Control of National Casualty

Nationwide Corp. of Columbus has announced it is making a direct bid to acquire 100% ownership of National Casualty. In a letter to National Casualty stockholders, Nationwide Corp., which already holds 87% of the stock, has offered to buy all outstanding shares at \$63 per share. National Cas-

ualty has assets of more than \$23 million.

Paul Boardman, vice-president and general manager of Nationwide Corp., said the current offer of \$63 is equal to the highest price it paid for any of the 174,000 shares it now holds. If the offer is accepted, Nationwide Corp.'s total outlay for the remaining 26,000 shares would be in excess of \$1.6 million. The offer expires Nov. 20.

The move follows by a few days the sale by Nationwide Corp. of its substantial holdings in Sun Life of Can-

ada. Mr. Boardman said the entire block of 17,651 common shares of Sun Life was sold for a price slightly above \$5 million. The holding represented 8.8% of total common stock.

Nationwide Corp. is a holding company controlled by Nationwide Mutual group of Columbus.

Casualty Men to Hear Navarre

Michigan Commissioner Joseph A. Navarre addressed Detroit Casualty Underwriters Assn. at a dinner Nov. 14 at the Fort Shelby hotel.

Carlson Tells Coast Group Why Bureau Is Necessary

Thomas O. Carlson, actuary of National Bureau of Casualty Underwriters, addressing the fall conference of Pacific Coast Insurance Accountants Conference at San Francisco recently, said that to give complete independence for all companies in ratemaking would create chaos in the business and that such chaos would bring speedy governmental interference. The latter would be to the detriment of the objectives of rating organization and independent company alike in providing the best service to the insuring public.

A rating organization gives stability and establishes the general standards as respects rules and rates that serve as a basis for the operations of virtually all insurers, Mr. Carlson said. This will continue, he pointed out, so long as a reasonable number of large writers remain affiliated with the rating organization.

"Independence can bring certain advantages to an individual company under such conditions, that is, so long as everybody is not independent; primarily, these advantages are immediacy of action, being able to pioneer new coverages at will, and having less detailed justification of rate filings required by some supervisory officials," he noted, but added that a rating organization's filing is subject to closer scrutiny and must be supported by more detailed information than the independent company's filing.

A national rating organization, Mr. Carlson observed, offers a company cooperative endeavor, the pooling of the best ideas of the leaders in the business, but, "cooperation does not mean the elimination of pioneering as a characteristic of the group." He also pointed out that affiliation with a rating organization relieves the independent company of the necessity of dealing with supervisory authorities in 52 jurisdictions directly.

N. Y. Holds Legislative Hearings on Insurance

The New York department held informal hearings on insurance legislation that may be proposed to the 1957 legislature by the department and the business.

The hearings were Nov. 14 and 15 at the County Lawyers building, 14 Vesey Street, New York. The first day's session dealt with proposals for legislation affecting life and A&S Proposals affecting fire, casualty and marine insurance and producers were discussed Nov. 15.

Name Curtis to Head Ohio Committee on Compulsory

Charles E. Curtis, vice-president of Ohio Farmers, has been named by Insurance Federation of Ohio to serve as temporary chairman of a special committee on compulsory automobile insurance. He will have about 15 members to work with on the compulsory problem, which is expected to come up at the next meeting of the Ohio legislature.

103rd Cal. Board Formed

San Benito County (Cal.) Assn. of Insurance Agents has been organized with R. D. Nolte as president, Joseph Talbot as vice-president, and John E. Winn as secretary-treasurer. This is the 103rd affiliate of the California association.



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HOW TO GO MULTIPLE LINE

Companies Tell How to Meet The Many Difficulties of Expanding into New Field

NEW YORK—It is more difficult for a fire company to get into casualty, but it is difficult enough for a casualty company to enter fire, since each field has its own peculiarities, it was brought out by a panel during the convention here of National Assn. of Independent Insurers.

Frank Lang of Chicago was moderator and introduced Bowman Doss, 1st vice-president of Nationwide, who dealt with decentralization; Fenton Gentry, president of Southern Fire & Casualty, who described the problems faced by a small casualty company entering the fire business; Joseph Norton, resident vice-president at New York of Continental Casualty, who discussed the multiple line product, and Addison Roberts, vice-president and director of Fire Association, who told how a fire company gets into casualty.

Mr. Gentry replaced T. A. Long, executive vice-president of Manufacturers Casualty, who was unable to appear on the program.

Today the question is not whether management is to enter multiple line, Mr. Lang pointed out. The issue is how to operate under new multiple line conditions, and how to diversify or integrate existing operations so they can be properly controlled and produce a maximum profit.

Presently multiple line consists of fire and casualty lines integrated under one central administrative framework. But he sees in the future a much further broadening. In personal lines at least, the ML concept soon will cover not only fire, casualty, and inland marine, but A&S and life as well. In commercial lines, he believes, where the professional, technical specialist is needed, there will be continued specialization in various lines with experts in different coverages familiar with the latest changes and detailed interpretation.

The urge toward diversification is working throughout the economy, Mr. Lang pointed out. Federal Trade Commission reports that of 2,000 mergers and acquisitions of industrial companies 1951-1954 about 25% were for diversification. The principal reasons for this are to assure growth, to offset seasonal cyclical fluctuations, to hedge against the declining or stagnant market and to take advantage of the tax structure.

The multiple line development in insurance is, therefore, in the main stream of a general economic trend. Insurers have been hesitant to go multiple line because the business is conservative by nature, many companies were cautious about entering a new field of which they knew little or nothing, there has been a great lack of skill, technical and administrative talent familiar with ML operation, fire and casualty companies to an extent had suspicious and reservations about the other branch, and of course several states were slow in changing their laws to permit ML.

However, he added, the attitude of insurers has changed because of the phenomenal success of new package contracts, the revolution in the marketing function which the business has been undergoing, the growing demand by the public for one-stop protection facilities, the economy and efficiency of integration of operations and uni-

cation of functions, and the teeter-totter of underwriting experience fire to casualty.

The psychology of the company is an important factor in its approach to multiple line, Mr. Norton said. Continental Casualty has developed its

large A&S business through 11 divisions, each a different level of the market and each using a different type of agent, collection, etc. This, he said, conditioned the company to turn readily to ML development.

He discussed the company's family protection policy which was the first one in the ML field with which the company has developed a considerable premium. It fits the average homeowner. It contains dwelling fire, extended coverage and all physical loss. The latter has a \$500 deductible, but after \$500 it becomes first dollar cover.

The contract includes the personal property floater, deductible or full cover. It also includes family and personal liability. Automobile physical damage and liability is a part of the contract, and in 10 of the 14 states in which the form has been approved, the company includes family accident cover.

The company added some minor coverages which have sales appeal. For instance, it gives new for old on dwelling damage, the PPF is broader with respect to boats, there is a \$500 personal check forgery item, and valuable

(CONTINUED ON PAGE 34)

Odor Control Is A Profit Builder!

**You can cut the cost of smoke**

Fire smoke, charred wood and burnt rubber odors are nuisances and very expensive. Although there may be no evidence of physical damage, odors in upholstery, on walls or other surfaces will convince the owner that irreparable damage has been done. But test after test has proved that these odors in the home, store or plant can be eliminated safely and economically by Airkem Smoke Odor Service.

Odors from fire-charred beams made the destruction of an historic antique floor in an Indiana residence seem inevitable. However, instead of removing the beams which were still sound, Airkem Smoke Odor Service was used. The odors were eliminated and the floor was saved.

Airkem prevented, in another case, the loss of a valued account for an importer by killing smoke odors in 5,000 dozen handkerchiefs. The shipment, destined for the Christmas trade, was contaminated by fire smoke while in transit. Airkem treatment removed the smoke odors and made the

items salable, and prevented the loss of important business.



Odor Control is a profit builder for department stores, sanitarians, amusement areas, theatres and insurance offices.

Wherever odors are found, in the air, on a surface or in a product, Airkem has proved its ability to effectively meet the problem. In restaurants, offices and public buildings, Airkem is used to kill cigarette, food and other occupancy odors. Airkem is used as an adjunct to air conditioning to neutralize odors brought in through the system. Industrial plants use Airkem to control exhaust odors and as an additive in odorous products.

Airkem, the true odor counteractant, remedies all these odor conditions quickly, economically and safely.

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Must Broaden A&S Coverage of Older People: Wickman

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Plans must be devised to permit some basic coverage to be continued at a premium which older persons can afford to pay, Mr. Wickman said. This would call for accumulation of reserves during the earlier years to offset the later morbidity. Although some companies are offering such plans, many more must do so if the business is to be able to answer its critics.

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Are you frequently so stranded on a compensation risk? Losses on the risk have been high. The renewal date is at hand. The carrier cancels.

You are left high and dry. You need Bituminous. With the best safety engineering department in the business, Bituminous can reduce

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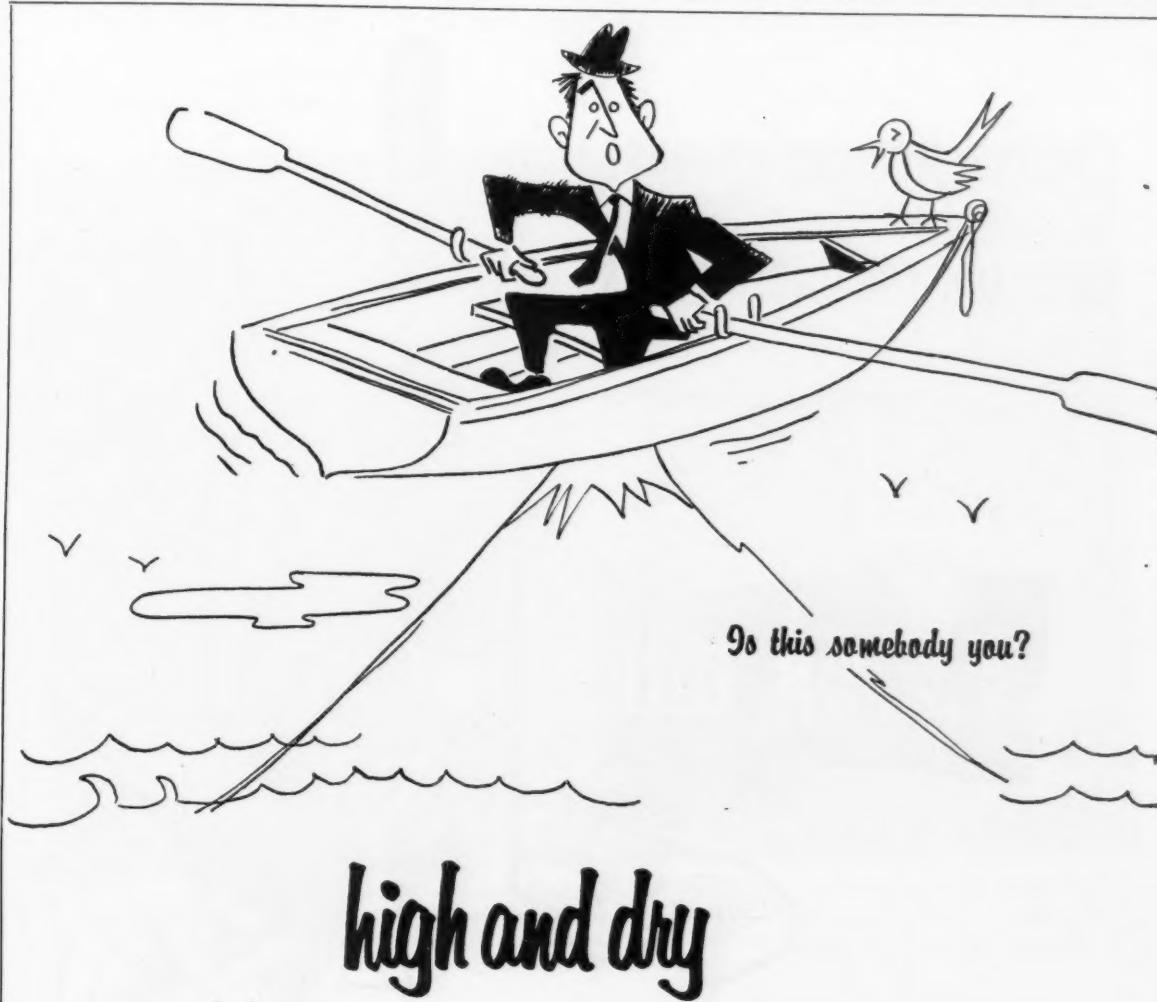
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Specialists in Workmen's Compensation

Chubb & Son Holds 1-Day "Laboratory" on Atomic Hazards

NEW YORK—About 40 executives of Chubb & Son, including loss and underwriting personnel and representatives from Atlanta, Chicago, Pittsburgh and San Francisco, heard a detailed discussion of nuclear hazards at a one day session in the home office

here. W. E. Kelley, president of Walter Kidde Nuclear Laboratories, Inc., an affiliate of Walter Kidde & Co., conducted the session, aided by Karl Puechl, J. J. Byrnes and Walter Bartels of his staff. Percy Chubb III, president of Federal, headed the insurance contingent.

A nuclear reactor explosion would be much like a large industrial boiler blow-up and infinitely slower than an atom bomb blast, the scientists brought out. However, the clean-up problem would be enormous, and in all prob-

ability salvage would be economically unfeasible.

The Kidde representatives described the characteristics of radiation, its effects on human beings and their organs, the control of radiation, the construction of a nuclear reactor and accompanying safety devices, and the potential hazards and their effect on surroundings.

They observed that Atomic Energy Commission has set up specific tolerance levels to guide nuclear reactor workers so that, despite exposure to radiation, they will not be exposed in

sufficient degree to cause harmful effects. All private plant operations will be and are under strict AEC surveillance.

As to the reactors themselves, safety precautions are built in during construction. The primary circuit, composed of the reactor and its coolant, is guarded by a heavy shield and any leaks in the cooling system are funneled to underground storage tanks for ultimate decay and neutralization before being disposed of through normal industrial channels. The secondary circuit, which carries off heat from the primary circuit, is protected against power failures by reserve generators and several systems of circuits which automatically insert control arms into the reactor to shut it down. The secondary system generally uses water to cool the coolant, usually a form of liquid metal. If a leak occurs in the primary circuit (liquid metal) the water pressure in the secondary system would be great enough to prevent any of the liquid metal and its radioactive isotopes from escaping.

Fuel element brakes in the reactor itself are controlled by monitors within the reactor, automatically shutting the reactor down when a break occurs.

The major source of worry in a nuclear reactor failure is from the heat it produces. Conceivably, the scientists noted, if the cooling system became inoperative and all other checks failed, the heat generated in the reactor could vaporize the water and blow up the coolant stream.

With all the safety devices it is hard to see how a reactor could blow up or release undetected fissionable products, the scientists declared.

Even if it should blow up, a reactor, including its primary circuit shield, is usually enclosed in a huge metal and concrete structure or dome that could withstand any foreseeable pressures created and be able to contain all of the fissionable or radioactive products released.

The scientists abated fears that a nuclear reactor explosion would be similar to an A-bomb blast by pointing out that each is constructed entirely differently. Reactors rely predominantly on the use of uranium-235 while atomic bombs use the heavier uranium-238. Neutron multiplication, causing the dissipation of energy, occurs every one billionth of a second in an A-bomb, while it occurs only every one-thousandth of a second in a reactor, due in part to its coolant and controlling properties.

Mr. Bartels pointed out that the property damage from radiation is not the ordinary damage an underwriter knows. The property would be made unusable and the big loss would be in time and earnings until the property is cleaned up.

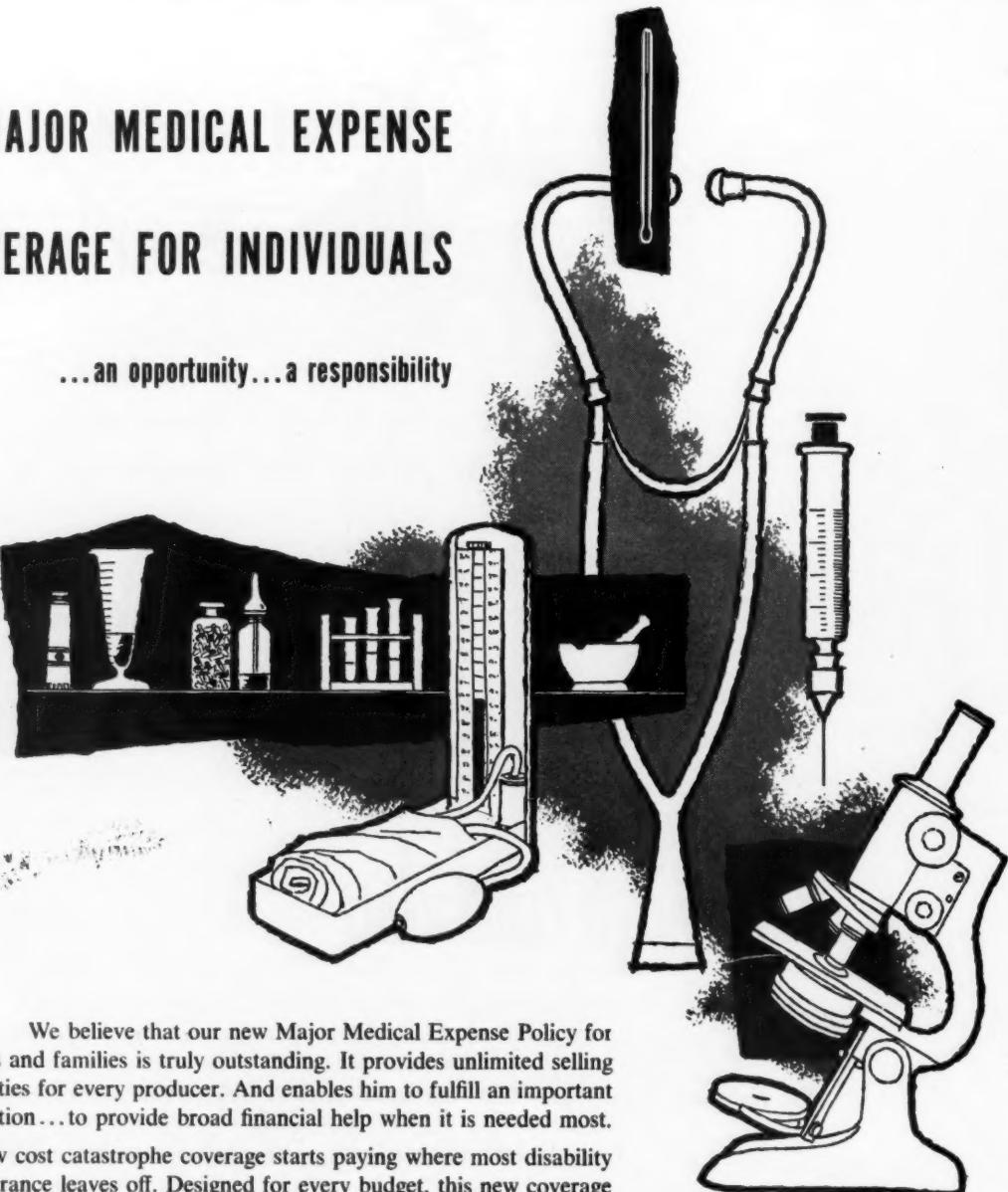
He noted that the reactor should be close to metropolitan areas for the efficient distribution of its product but ought to be located in a quite remote place for safety.

He described how, in the extremely unlikely event that a reactor burst and released a considerable quantity of radiating product, weather conditions would enormously vary the effects of radiation. To understand the potential risk, an underwriter will have to know a good deal about meteorology.

Mr. Byrnes described some of the hazards of the industry more normal than those produced by a catastrophe. As to bodily injury, in the 15 years that men have been working with

MAJOR MEDICAL EXPENSE COVERAGE FOR INDIVIDUALS

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We believe that our new Major Medical Expense Policy for individuals and families is truly outstanding. It provides unlimited selling opportunities for every producer. And enables him to fulfill an important obligation...to provide broad financial help when it is needed most.

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Miss. Okays M.D. Rate Rise, Auto Hike by Allstate

Mississippi has approved a 13.3% increase in physicians' professional liability rates and 13.2% in those for surgeons. The Mississippi experience on this class 1949 through 1953 on a pure premium basis produced an indicated rate increase of plus 40.8%. The filing, by National Bureau of Casualty Underwriters, also provides a 14.5% increase for hospital liability coverages.

The commission approved the filing by Mutual Insurance Rating Bureau which reduces property damage on OL&T classifications 33.3%. Rates for manufacturers and contractors are reduced 3.3%.

Also approved was a filing by Employers' Mutual Casualty of a 15% downward deviation for fire and extended coverage portions of the office contents special form.

The commission disapproved a filing by Casualty Reciprocal Exchange of a blanket restrictive endorsement to the family automobile policies issued to government employees. The company contended that the exposure involved in these cases is much higher than that contemplated by the policy due to the fact that such agencies claim government immunity.

A filing by Allstate was approved which increases automobile private passenger and commercial automobile liability rates. The increase is especially on young driver classifications. Experience for the 1953-55 policy year shows loss ratios of 65.8, 52, and 89.3.

Security Conn. Names Downes Cleveland Head

Security-Connecticut has appointed William H. Downes manager at Cleveland.

He started in insurance with North America in 1941 as an underwriter and became a special agent, engineer and payroll auditor. He joined Employers' group in 1948 as special agent and advanced to manager at Harrisburg, Pa., superintendent of education and senior underwriter in the central department.

More Commercial, Garage Changes

Mutual Insurance Rating Bureau has revised auto liability rates for commercial automobiles in eight states, and for division 1 garage risks in five of the eight, effective Nov. 7, 1956, in Colorado, Maine, Minnesota, Nevada, North Dakota, Rhode Island, Tennessee and Wyoming.

Commercial vehicle rates are decreased 5% in Colorado, 3% in Maine, 5% in Minnesota, 8% in Rhode Island, 11% in Tennessee and 1% in Wyoming and increased 5% for Nevada and 8% for North Dakota.

For division 1 garage risks rates are increased 14% for Maine, 18% for Minnesota, 15% for Nevada, 14% for Rhode Island, and 8% for Tennessee.

Can Collect for Disability While Working, Court Rules

The Kentucky court of appeals has ruled that workmen who contract diseases are entitled to compensation even though they continue to work after the disease is diagnosed.

The appellate court's ruling affirmed a decision of the Harlan county circuit court in the case of Andrew Taulbee vs Peabody Coal Co. The coal company had contended that Mr. Taulbee, a coal miner, had remained on the job

after he was found to have contracted silicosis, and, therefore, his disability was not complete.

The appellate court held that the plaintiff's efforts to supply financial needs in the absence of prompt payment of compensation benefits were not irregular. It also held that "total disability does not mean absolute prostration or complete physical helplessness."

The Washington insurance department has moved to enlarged offices on the second floor of the Insurance building in Olympia.

Merrick Retires as V-P of Hartford A. & I. Gates Is Successor

George T. Merrick, vice-president of Hartford Accident at New York since 1945, will retire Dec. 31, and will be succeeded by Ben F. Gates.

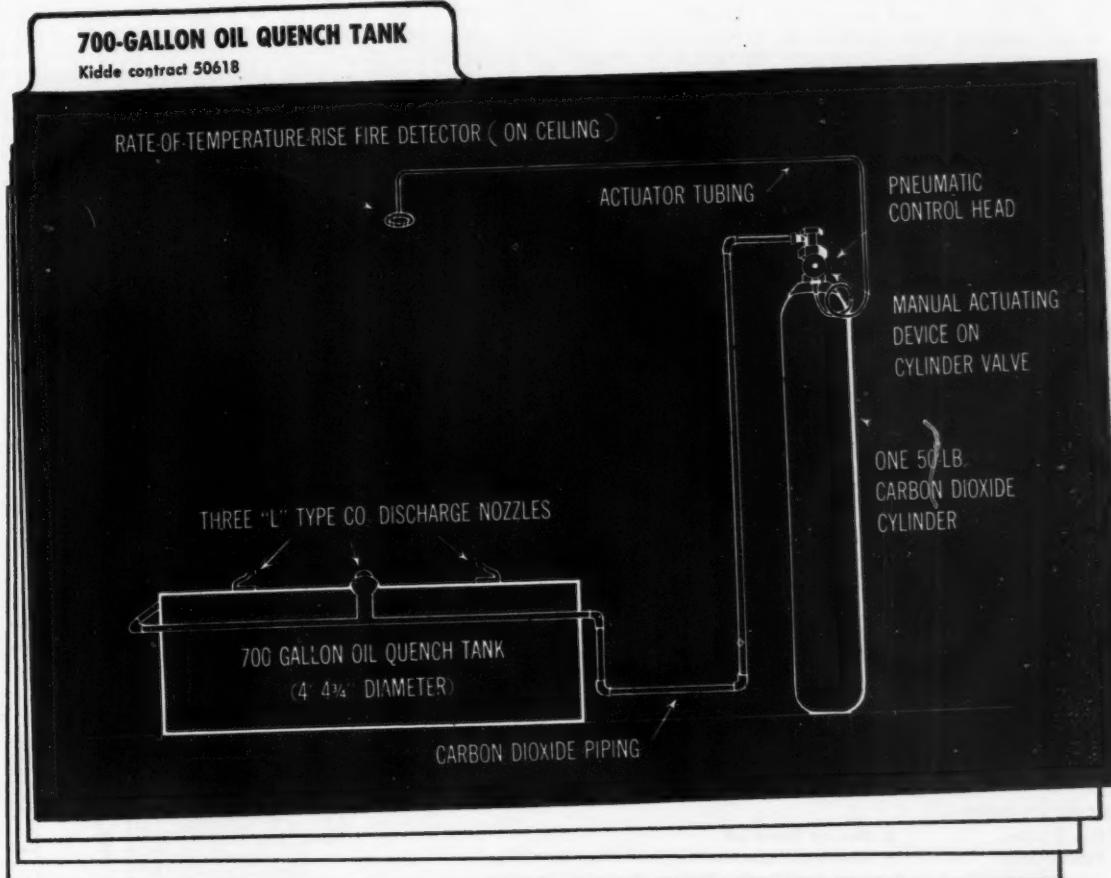
Mr. Merrick began in insurance in the brokerage field in 1907 and joined Hartford Fire at New York in 1910. When Hartford Accident was organized in 1913 he became an underwriter in the New York office, then

superintendent of the automobile department, and in 1934 was made associate manager at New York.

Mr. Gates started with the company in 1926 as a claim representative at San Francisco, later special agent in California, and manager of the St. Paul office in 1941. In 1948 he became assistant general manager of the New York department and was advanced to manager in 1955.

Insurance Square Club of New York will hold its annual charity dance Nov. 30.

From the Kidde file of fire protection case histories:



"The oil flared up and the system operated each time putting out the fire."

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is "set" or "released." Kidde systems use no falling weights, no clumsy mechanical triggering methods. Pneumatic Control Heads insure instant and complete discharge of carbon dioxide gas, which puts out the blaze in seconds, leaves no mess to harm machinery, equipment or workers in process.

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NAII ANNUAL

Urge United Effort by Insurers to Halt Liability Law Trend

The insurance business and the bar must unite to preserve the true sense and form of liability insurance, Prof. Herbert A. Kuvin of Miami University law school declared in a talk before the annual convention of National Assn. of Independent Insurers in New York.

Liability imposed by law is being rapidly loosened from the grasp of the business and the law, and any solution to the problem must come from those who know it best—insurance men and lawyers, the professor emphasized.

He repeated an earlier warning that auto liability insurance will eventually assume the aspects and follow the course of the employee-employer liability aspect of law and that it may even take the form of workmen's compensation or federal employer-employee

laws. The trends, agitations, contentions and discussions are present today and are agitating for a solution to the problems confronting the public with relation to auto liability as existed with relation to employer-employee liability a few years ago, he said. The casualty insurance business is often hopelessly divided, the professor pointed out. The stock companies are against the mutuals. Both are against the independents. On many occasions when the stock companies have objected to legislative action, the mutuals have indicated approval. Now the special committee on compulsory auto insurance of the stock companies has favored an unsatisfied judgment fund to offset the movement for compulsory.

Recently an executive of a large casualty insurer concluded that negligence as a defense is disappearing. There are attacks on the common law by the flooding of state legislatures with proposed laws on every phase of liability. There are attacks on the courts and on the system of determination of liability. The courts have allowed testimony on amounts of insurance and have liberalized the law of liability to include formerly untenable

actions. In order to avoid the matter of liability, the courts are finding new arguments to make someone pay for the damages a claimant alleges, Prof. Kuvin said. There are direct and indirect attacks on the concept of liability imposed by law through assaults on liability itself.

The courts are also permitting trickery, showmanship, applied psychological persuasion in addition to changes in the rules of law on the admissibility and methodology of presentation of evidence to sway and arouse the passions of the jury to award high damages. This is the time to be concerned, he warned.

He observed that one writer, accepting the situation, said that if the change in determination of liability imposed by law is necessary, it will have to be made with consideration to the forces of economics, social sciences and psychological effects on the present system. The professor replied that the legal profession does not have to allow social workers, sociologists, economists, ministers and even sob sisters to get into the act and solve the problem.

He said it is unfortunate that, since

the concept of insurance has been held as a business affected with a public interest, it has been prostituted to allow and justify everybody getting into the act. The concept's original purpose and reason have been forgotten. The sociologists, economists, do-gooders and others all sound off now as authorities with the only correct panacea for the alleged ills of insurance, and especially auto liability insurance.

Insurance men are best capable of coping with problems of insurance, he maintained, however more often than not, instead of banding together for the common good of the business, they stand divided against each other with criticism and counter-proposals and wash their dirty linen in public.

The casualty business has fallen into the same error as have national and international diplomats, Prof. Kuvin said. Each organization refuses to join with the other for the purpose of combatting the common attack. With the combined resources of the casualty business, the solution should not be as insurmountable as it appears to be, and the business should surely not permit outsiders to interpose themselves.

The members of the bar and insurance fraternity, the professor continued, dilute and sabotage at every turn (under the guise of competition, policyholders' benefits or otherwise) the basic concept of casualty or liability insurance from the indemnification aspect. They are working at cross purposes with those who are fighting the rising tide of auto accidents. Traffic experts agree that the most important phase of the battle is to impress upon the driver the need for careful driving. Millions are being spent to create that attitude in the driver. Intensive enforcement of traffic laws with stiffer fines is being advocated. Uniform traffic codes and ordinances are being proposed and drafted.

However, the members of the insurance business and bar are telling the driver to drive as recklessly as he pleases. No matter how negligent he is, if he is injured or the car is wrecked, he can be certain of recovering for damages.

How far from the public interest can the business and the bar get, he asked?

All segments of the insurance business should assemble to develop the solution to the problem and not piddle with and against each other while the alien takes over, Prof. Kuvin reiterated.

Insurance Law Forum Nov. 15 in Brooklyn

An insurance law forum was held Nov. 14-15 at Brooklyn Law School.

Principal speakers were Miss Angela Parisi, chairman of the New York state workmen's compensation board; Arthur H. Lamanda, New York deputy superintendent; James P. Quinn, counsel of Health Insurance Assn. of America; W. H. Barnes, attorney of Metropolitan Life; Abraham Kaplan, New York attorney; Michael H. Levy, chairman of Federated Brokerage Group; Edward M. Fuller, secretary of Greenwood Mills; Frank Sterritte, general counsel of American International Underwriters, and Harry N. Schechter, New York attorney.

Plan PI Institute at Dallas

Southwestern Legal Foundation will sponsor and institute on personal injury litigation at Dallas Dec. 5-7 in cooperation with Southern Methodist university law school. A number of well known physicians and attorneys will participate.

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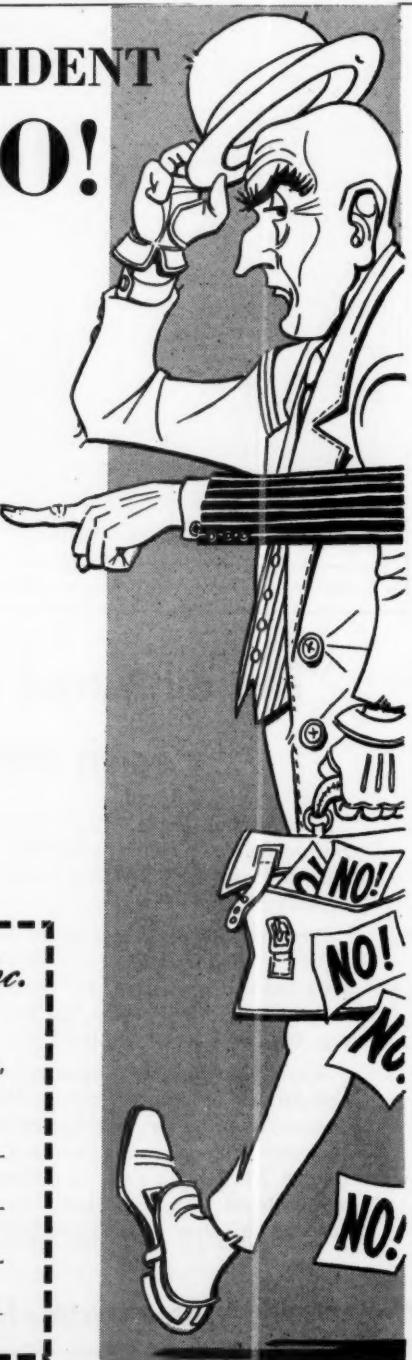
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U. S. Supreme Court Closes 20-Year-Old Lapeer Farmers Case

The final chapter in the 20-year-old Lapeer Farmers Mutual Fire case was written by the U. S. Supreme Court last week.

The high court upheld the conspiracy conviction of Clayton C. Gilliland, who is serving a 4½ to 5 year prison sentence at Jackson, Mich., for his part in fomenting open revolt against law by militant members of the mutual which was placed in receivership more than 20 years ago.

Gilliland, a one-time Ku Klux Klan organizer, kept a minority of members so convinced they were victims of injustice that they refused to pay assessments and even let their properties become subject to forced sale for non-payment of judgment liens. He made a full-time vocation of organizing and continuing the defiance of orderly legal processes and finally was convicted of obstructing justice when rioting occurred at the scene of an eviction of a property-owner whose holding had been sold.

The litigation is believed to have been the most extensive in Michigan history, not counting scores of petitions filed with legislative bodies in an effort to block collection of the liquidating assessment. Receivership fees for a succession of receivers, plus enormous court costs, skyrocketed the liability of the militant group.

The final appeal to the U. S. Supreme Court, on which the court refused a hearing, charged Gilliland was convicted "without any evidence being offered or admitted to show he conspired to obstruct the sheriff in serving the eviction writ." It was further contended the court erred in denying a change of venue for Gilliland in the face of "local prejudice created by inflammatory newspaper articles." Rulings of the trial court and methods of picking the jury were also contested. Gilliland was sentenced Jan. 13, 1954.

N. Y. Self-Insurers Plan Annual Meeting

Self-Insurers Assn. of New York will hold its annual meeting Dec. 13 at Biltmore hotel, New York.

Following the election of officers, John E. Knauf of the Albany law firm of Ainsworth & Sullivan will review decisions during the past year under the state workmen's compensation law. Joseph F. Carlino, New York assemblyman, will speak on the value of cooperation between industry and the legislature.

Afternoon speakers will include Dr. B. L. Vosburgh, medical director of General Electric, on the doctor's responsibility in WC; William S. Smith, safety director of Ford Motor Co., on safety engineering; C. M. Graham, chief self insurance examiner of the state WC

board, on methods of determining self insurers' deposits, and Miss Angela R. Parisi, chairman of the state WC board.

U.S.F.&G. Holds Agent Clinics

The Cleveland branch office of U. S. F. & G. is conducting regional meetings this week for agents in Akron, Youngstown and Cleveland at which package dwelling policies, the new family auto policy, the office content policy and the commercial property policy are to be discussed by members of the Cleveland staff who will also answer agents' questions.

British, German Underwriters Revise War Risk Insurance

British underwriters have declared that they will write war risk insurance on vessels for periods not exceeding three months, for a single rate and only on a world-wide basis, excluding Egypt, Suez Canal, Israel, Syria, Lebanon, Jordan, North Korea, Manchuria, Formosa and Chinese ports other than Hong Kong and Kowloon.

Heretofore the cover has been written for several different time periods ranging from 3 to 12 months in different trading zones and at different rates.

Meanwhile West German insurers have increased by .5% the war risk premiums for all cargo going through the Suez Canal or to or from Egypt, Israel, Syria, Jordan and Lebanon, retroactive to Oct. 31.

A study course on survey selling will be sponsored by Detroit Assn. of Insurance Agents the week of Nov. 26-Dec. 3 at the Veterans Memorial building.

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All these broadened agreements add up to a far better buy for the insured, a greatly increased sales opportunity for the agent.

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Convention Dates

Nov. 18-21, Indiana Assn. of Insurance Agents, annual, Claypool hotel, Indianapolis.
 Nov. 26, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach hotel, Chicago.
 Nov. 26-28, American Mutual Alliance, annual, Edgewater Beach hotel, Chicago.
 Nov. 29, Insurance Federation of New York, annual, Waldorf-Astoria hotel, New York City.
 Dec. 3-7, National Assn. of Insurance Commissioners, semi-annual, di Lido hotels, Miami Beach.
 Dec. 27-28, American Assn. of University Teachers of Insurance, annual, Cleveland hotel, Cleveland.
 1957
 Mar. 17-19, Eastern Agents Conference of NAIA, annual, Statler hotel, Washington, D. C.
 April 28-May 1, Chamber of Commerce, insurance department, annual, Washington, D. C.
 May 26-29, American Assn. of Managing General Agents, annual, Fontainebleau hotel, Miami Beach.
 June 3-4, Eastern Underwriters Assn., mid-year, Shelburne hotel, Atlantic City.
 Sept. 17-20, Mutual Loss Research Bureau, annual, Edgewater Beach hotel, Chicago.
 Oct. 17, Inter-Regional Insurance Conference, annual, Plaza hotel, New York City.

Standard Accident Names Pritchard and McKillop as F. C. Birchard Retires

Fred C. Birchard, superintendent of the collection department at the home office of Standard Accident, retired Nov. 1 after 43 years of service. He has been on a leave of absence for the past several months owing to ill health.

Mr. Birchard joined Standard Accident in 1912. In 1914, he was made chief clerk of the billing division. He was appointed assistant superintendent of the collection division in 1936 and in 1937 was named superintendent. In 1953, the collection and premium records divisions were combined and Mr. Birchard was made superintendent of the expanded division.

E. E. Pritchard, assistant manager, has been made manager of the collection department, and M. B. McKillop, assistant superintendent, has been appointed superintendent.

Mr. Pritchard joined Standard Accident in 1929. He was made assistant office manager of the Detroit branch in 1947 and later that year became office manager. In 1954, he was transferred to the collection department and a year later was appointed assistant manager.

Mr. McKillop started with Standard Accident in 1928. In 1940, he was transferred to the Detroit branch. He was made cashier and office manager of the branch in 1942, and in 1946 he joined the home office collection department where he was made assistant superintendent in 1953.

Indiana Casualty Managers Name Allison President

Indiana Casualty & Surety Managers Assn. at its annual meeting in Indianapolis last week elected Mark Allison, American Surety, president, to succeed Marvin Simpson, London & Lancashire. C. Craig Caulkins, Globe Indemnity, was elected vice-president, and Earl C. Barnes, Standard Accident, was named secretary-treasurer.

New Wisconsin, Kansas Hand-Books Published

New Underwriters' Hand-Books of Wisconsin and Kansas have been published by The National Underwriter Co. Each provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance in the respective states. Copies of either may be obtained from The National Underwriter Co., 420 East Fourth street, Cincinnati 2. The price is \$12.50 each.

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The appeal of the broad protection afforded by Comprehensive Personal Liability is still just as effective in getting you a hearing with new prospects as it was back in the days when "Shelby" agents first introduced the coverage. It has earned a favored place in many a smart insurance man's "sample kit".

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Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

Principles of Protection Are Outlined for Buyers by John S. Bickley of OSU

The ingredients of a sound insurance program for business and industry were outlined in an article in Dun & Bradstreet's Review by John S. Bickley, associate professor of insurance at Ohio State university. His discussion is substantially represented herewith:

Top management in industry is becoming increasingly aware of the importance of a sound insurance program to profit and loss figures. All too often in the past the administration of insurance accounts has been delegated to a person in the firm who has no specialized knowledge of insurance matters. Fortunately, increasing recognition is being given to the need for one or more persons in the organization capable of analyzing risk problems.

An insurance manager is not a substitute for competent insurance company representatives. He performs the same function as buyers of raw materials and machinery in that he determines the company's needs for the product or service and then renders an informed judgment on the proposals of various suppliers. Specifically, his duties might include an analysis of the risks to which his concern is exposed, determination of insurable values or necessary limits of coverage, development of proper forms and endorsements, selection of needed insurers, supervision of loss activities designed to preserve property and conserve human resources.

Not all companies can afford the insurance manager staff position. However, it is possible to secure the services of consultants who can appraise the adequacy and economy of the insurance program currently in effect. Their recommendations should go beyond the mere suggestion that certain insurers can handle the risk for a lower premium, as such a limited proposal might be merely an ill-advised attempt to justify the cost of the advice. Recommendations of consultants should include approximately the same types of analyses as those proposed as the insurance manager's responsibility. Insurance agents and brokers can provide similar advice if they have adequate facilities and are not influenced by monetary rewards.

The insurance buyer must first obtain those coverages which are required by law or contract. Workmen's compensation insurance is statutory in most states. Automobile liability insurance is quasi-compulsory under the safety responsibility laws of many states and compulsory in Massachusetts. Bonds are often required on gov-

ernment or private contracts. Leases, purchase orders, and permits may call for insurance. Pensions, group life, and group disability insurance become contractual if required in union contracts. Mortgagees generally require insurance to protect their collateral.

The corporate insured must maintain close surveillance over changing values of real and personal property. Partial coverage may prove an expensive economy, while over-insurance means wasted premiums. If a coinsurance or contribution clause is involved and the insured fails to purchase the required limit, he will be required to bear a share of the loss himself. The need for periodic appraisals of plant, fixtures, and equipment by competent and trained personnel is clearly indicated.

Although property values can be determined readily, there is no clear cut way to establish proper limits for liability contracts. Adequate coverage depends on several factors. Are operations of a nature that many people could be injured or a large amount of property damaged in a single accident? Are local juries inclined to award high verdicts to injured plaintiffs? Is any limit placed on the defendant's liability to state death statutes? If a high potential liability is indicated, excess limits of liability insurance coverage should be purchased. Recent judgments clearly show the need for high limits of liability coverage.

A second principle of insurance buying is that coverage should be sought only for major losses, which, if uninsured, would cause serious financial difficulty. The many small losses, part of practically any industrial process,

(CONTINUED ON PAGE 32)



J. S. Bickley



Lowell B. Mason, former member of the Federal Trade Commission, scheduled to deliver one of the principal addresses at the annual meeting of National Assn. of Independent Insurers, became ill shortly before he was to speak and was rushed to Midtown hospital, New York. His condition was diagnosed as acute diverticulitis, a form of intestinal inflammation. He has since been released and is making a satisfactory recovery at home.

Not one to take a speaking commitment lightly, Mr. Mason at first insisted on delivering his address from a wheelchair but was dissuaded by his doctors. He later dictated the speech from his hospital bed, and it was made part of the official proceedings of the meeting and distributed to NAII member companies.

Two Everett, Wash., agencies have been merged into the firm of Wilson-Rowe Insurance & Realty. Herbert Wilson will direct the insurance operation.



Pictured at the recent Garden City meeting of New York State Assn. of Insurance Agents are (left to right) C. Fred Ritter of Middletown, president of the state association; William Leslie, general manager of National Bureau of Casualty Underwriters; George A. Kramer, president of Suburban New York Assn. of Insurance Agents, and Arthur F. Blum, chairman of the meeting. Mr. Leslie moderated a panel on compulsory auto insurance.

Insurance Executives Take Part in Business Education Day

For the first time in the observance of Business Education day in San Francisco, insurance company executives joined other business representatives in explaining their business to teachers in the area.

Highlight of the day was the presentation of savings bonds to high school students who submitted letter-essays on the value of driver education. Insurance executives also explained the role of insurance in the national economy and in accident prevention and described the employment opportunities it affords high school and college graduates.

The keynote speech at the luncheon was made by Thomas A. McGuire, president of Industrial Indemnity and a member of the steering committee of Western Insurance Information Service, which sponsored the essay contest in cooperation with the San Francisco unified school district.

Mr. McGuire outlined the development of the present-day private insurance industry from a simple beginning until today it employs thousands of engineers, doctors, lawyers, actuaries, underwriters and people in every profession.

Raymond L. Ellis, vice-president of Fireman's Fund group presented the awards to the winning students. Top winner of a \$100 grand prize bond and \$25 bond was Miss Lorrie Levin, student at Lowell high school. Her letter-essay was titled "Driving—The Sport That Should Be Taken Seriously."

Albert H. Wood, manager and director of public relations of WIIS, presided. Approximately 200 attended the event. Prior to the luncheon the teachers visited a number of insurance offices where they were given information regarding methods of operation.

Kelly Tells Factory Mutual Services

Ambrose B. Kelly, general counsel of Factory Mutuals, outlined mutual company services available to insurance buyers in a talk before the Cincinnati Area Insurance Managers.

He listed as the services offered to policyholders assistance in loss prevention, advice and assistance in providing proper insurance coverage, appraisal service and safety engineering. He said mutual companies are conscious of the fact that they have an obligation to take part in all activities which will serve the cause of insurance as a whole and loss prevention in particular.

Mr. Kelly added that mutual insurance is the most efficient and economical way of providing both indemnity for loss and the other collateral services which policyholders have a right to expect.

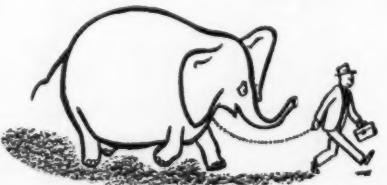
The service office of Hartford Fire at Santa Rosa, Cal., has been moved to a modern building at 803 Third street.



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Casualty Actuaries Holding Annual

Casualty Actuarial Society is holding its annual meeting this week in New York.

The meeting started with a panel moderated by Arthur S. Kuenkler, vice-president of U.S.F.&G., on recent multiple line developments. Roger Kenney, insurance editor of *United States Investor*, is speaking at the evening banquet.

The presidential address by Norton E. Masterson, vice-president of Hardware Mutual Casualty, will follow the business meeting on Friday. Other morning speakers will be D. A. Tapley of State Farm Mutual on month of loss deficiency reserves for auto bodily injury losses; Martin Bondy of the New York department on the rate level adjustment factor, and Philip K. Stern of Mutual Insurance Rating Bureau on current ratemaking procedures for auto liability.

Dudley M. Pruitt, assistant general manager of General Accident, will lead a discussion on electronic developments in insurance at the afternoon session.

Ginden with Direct Service Corp., Connecticut

Martin Ginden, formerly casualty supervisor of Phoenix of Connecticut, has joined Direct Service Corp. of Connecticut as manager of the Hartford office.

The office specializes in the underwriting of unusual risks and provides domestic markets for those lines of insurance which normally go to non-admitted markets.

Prior to joining Phoenix, Mr. Ginden was in the surplus lines field in Connecticut.

Seide to Address Mass. Mariners

Jack Seide, president of Babaco Alarms Systems, will address Mariners Club of Massachusetts at a luncheon Nov. 19 at Hotel Bellevue, Boston. The club will hold its annual Christmas party at the Bellevue Dec. 13, featuring a cocktail party and buffet supper.

Krier Named President of Wis. Surety Assn.

Urban Krier, assistant manager of U.S.F.&G. at Milwaukee, was elected president of Surety Assn. of Wisconsin at its annual meeting in Milwaukee.

Len Buck, manager of New Amsterdam Casualty, was named vice-president, and Paul W. Wolfgram of Standard Accident was elected secretary-treasurer.

Members of the executive committee in addition to the officers are William Leissring of Fireman's Fund, Frank Berry of Phoenix of London, Edward Dittmer of Home Indemnity and Stanley T. Webb of Fidelity & Deposit.

Pedestrian Habits Called Childish

A new safety pamphlet, "Pedestrians, Grow Up and Live", has been published by Aetna Casualty.

The booklet illustrates dangerous walking habits which last year took the lives of more than 6,000 adults, many of whom, the book says, would be alive today if they had acted their age. Among dangerous walking habits which reflect a childish outlook, the booklet says, are crossing against the light, arguing over right of way, ignoring pedestrian safety areas, stepping from a car into traffic and not paying attention while crossing the street. The booklet is available from the company's public education department.

Arrow Names Larimer V-P

Earl M. Larimer has been named vice-president and safety counselor of Arrow of St. Paul. He will work with sub-standard risks written by the company to qualify them for standard policies through safe driving. He will also advise agents on problems connected with driver licensing or the Minnesota safety responsibility act.

Mr. Larimer was director of the highway safety division of the Minnesota highway department for the past 2 years and prior to that had been with the highway patrol for 24 years, nine of them as chief.

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Attendance Is High at Illinois Mutual Agents Annual

Illinois Assn. of Mutual Agents at its annual two-day convention in La Salle last week covered a variety of topics and explored problems pertinent to the mutual agent today. Discussion was lively and interest was unusually great. Attendance exceeded 200, the largest meeting the association has ever held.

John B. Read, Chicago, was re-elected president. Directors elected were: Robert Timmons, Hoopston; A. A. Long, Chicago Heights; Bruce M. Griffin, St. Charles; Albert Wilson, New Athens, and Claude E. Spencer Danville.

The association went on record as opposing compulsory insurance and the unsatisfied judgment fund, favoring elimination of the 90 day temporary license in Illinois, favoring adoption of the uninsured motorist endorsement and favoring study of the driver licensing law specifically with respect to entry on the back of the drivers license of all moving traffic violations.

An unscheduled highlight of the meeting was a talk by Ralph B. Williams, Kansas City, newly elected president of the national association, who pointed out that the National Assn. of Mutual Insurance Agents is no longer a small group but now one of the fastest growing organizations in the insurance business. He advocated more schools for training mutual

agents and said the national association had gone on record as favoring stronger law enforcement in all states to solve the problem of the irresponsible motorist.

William H. Rothermel, Fulton, opened the convention with a talk on "Life Insurance in the Agency Program." He pointed to the trend in the business for the fire and casualty man to sell life insurance and said that many of them have experience in selling life. He said however, that they are not being encouraged to sell life insurance in the right way. What is

needed is a package plan such as the homeowners plan that the agents can know backwards and forwards.

R. V. Rinard, Central Mutual, Van Wert, Ohio, analyzed the new family auto policy. The new commercial property floater was discussed by E. V. Bradley, assistant secretary of Lumbermens of Mansfield, Ohio; R. J. Elliott, vice-president of American Manufacturers Mutual, and R. K. Fowler, manager of inland marine and multiple perils department of Indiana Lumbermens Mutual.

Chase M. Smith, Chicago, general

counsel of Lumbermens Mutual Casualty was the featured speaker at the dinner meeting held on the first evening. He told of the development of new package policies and said that progress has been made in getting the insurance buyer to select his own agent.

The ladies who attended the convention were given a special treat of luncheon at Starved Rock with door prizes and an informal program. Mrs. John Read was hostess for the event.

The directors agreed that next year's meeting, to be held November 18-19, should be at Orlando hotel in Decatur.

VA. Agents Name New Executive Secretary

Richard Earle Smith, a Richmond attorney, has been named to succeed Charles W. Crowder as executive secretary of Virginia Assn. of Insurance Agents.

Mr. Smith formerly was state claims manager of Employers Mutuals of Wausau. Mr. Crowder resigned to join the public relations firm of Ketchum, MacLeod & Grove.

Strong Is Me. Examiner

Maine department has appointed as examiner Walter J. Strong, Thomaston life agent, to succeed Harold E. Mayo who retired after 18 years service.

Mr. Strong has been a life agent since 1947. Mr. Mayo was with Travelers before joining the department in 1938.

IRM Engineers Confer

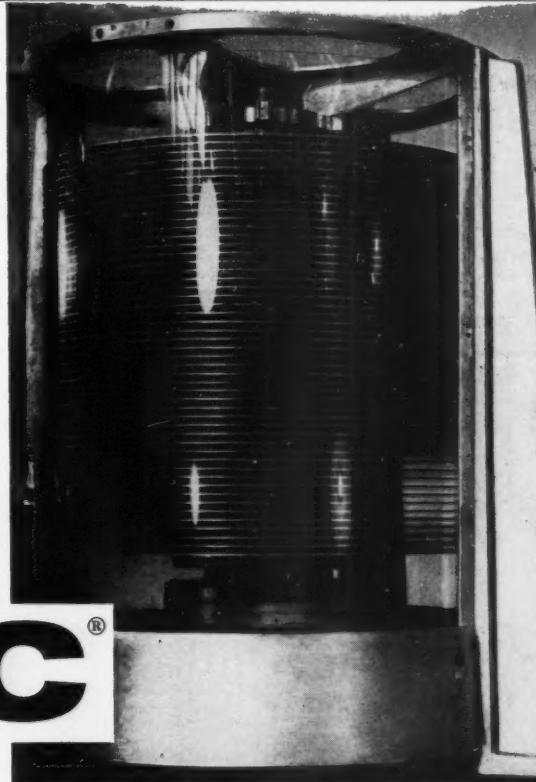
Nearly 100 field and home office engineers and underwriters of Improved Risk Mutuals met for a field conference early this month at the IRM building in White Plains, N.Y. In addition to IRM personnel, the speakers included R. C. Steinmetz, Mutual Investigation Bureau; Paul I. Thomas, general adjuster of American Manufacturers Mutual; G. A. Petley, Lumbermens Mutual of Mansfield, and G. M. Purcell, American District Telegraph.

Set School Dates in Ohio

A property insurance worship and a fire and casualty rating school will be conducted at Ohio Wesleyan university Jan. 6-11 under auspices of Ohio Assn. of Insurance Agents, Ohio Fire Underwriters Assn., Ohio Assn. of Casualty & Surety Managers and the Ohio department.

Insurance Women of Milwaukee held their annual bosses' night at the November meeting. The association also announced that it had established an employment clearing house under the direction of Louise Pehmoeller, 828 North Broadway, to list positions open or help available for agency offices.

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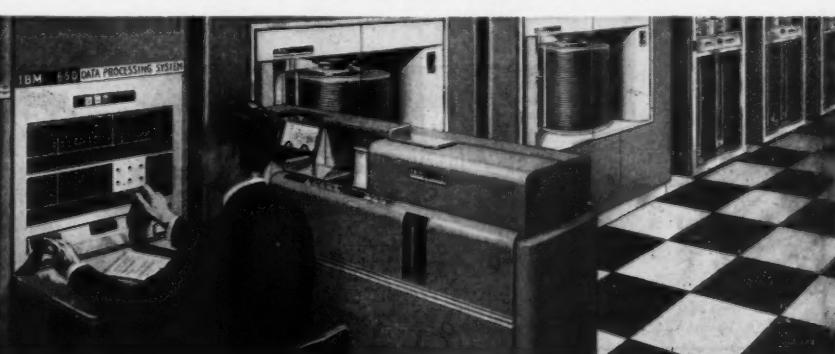
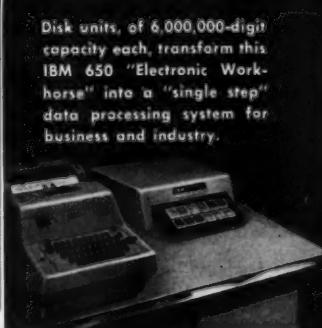
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Follman Cites Steps Taken to Provide More A&S for Older People

A number of developments in the A&S business indicate the progress being made by insurance companies toward extending greater health coverage to the aging. J. F. Follmann Jr., director of information and research of Health Insurance Assn. of America, told a special breakfast session at the first annual individual insurance forum sponsored by HIAA at Dallas.

A recent study showed that 106 companies of 186 queried will consider new risks for hospital expense insurance above age 60. Half those queried had no age limit for renewal of the coverage and 15 will renew to age 75.

The average maximum benefits offered by companies to the older age group are \$13 daily hospital benefits payable for 30 days, miscellaneous benefits of \$130, up to \$248 for surgical benefits, in-hospital doctor visits at \$3 per visit, and in-hospital nursing service at \$10 per day.

A significant contribution has been

the experiment of offering a hospital expense policy which is paid up at the normal retirement age, enabling the policyholder to pay the premiums during his productive years.

Although companies are making progress on the problems of insuring the older age groups, the business must remain alert to all opportunities that exist in this area and continue to experiment with different types of coverage designed to bring protection against the costs of illness to these groups, Mr. Follmann said.

Old Republic Names Hess

Robert W. Hess has been appointed superintendent of underwriting for Old Republic of Pennsylvania.

Mr. Hess started in insurance with Knights Life at Pittsburgh, and after the war joined Indemnity of North America as a casualty underwriter. In 1947 he went with Zurich at Pittsburgh, advancing to agency supervisor at Cleveland. He joined American States in 1955 as Pittsburgh manager.

Chicago Agency Incorporates

The Conkling, Price & Webb agency of Chicago, a partnership since 1893,

has been incorporated as of Nov. 1. William T. Cline, a partner since 1937, becomes president and treasurer; Harold W. Giff becomes vice-president; Lawrence W. Zonsius Jr. vice-president and secretary, and B. F. Brizzola assistant secretary and assistant treasurer.

Lawrence W. Zonsius Sr., a partner since 1929, is chairman.

Philadelphia Agents Elect Officers

Insurance Agents & Brokers Assn. of Philadelphia & Suburbs elected Thornley B. Wood president, John J. Maguire and Frederick R. Drayton vice-presidents, George T. Rowland treasurer, and M. Alan Bucks secretary. Directors elected were Richard S. Coe, Harry W. Fritz, J. Carroll Goodman, A. C. Hall, Ray Z. Hartman, Cecil C. King, Pearl A. Lambirth, John J. Maguire, Everett Stubblebine, John A. Tiffit, and Lawrence J. Wentz.

Mo. Mutual Agents Name Secretary

Missouri Assn. of Mutual Insurance Agents, following a decision arrived at the annual meeting, has hired a full time executive secretary, Harry F. Bennetts.

WC Rates Up in N. J. Get Discount, "Retro" on Nov. 1

Compensation Rating & Inspection Bureau of New Jersey has announced new rates as of Jan. 1, approved by the state, with a general manual rate level increase of 18.3%. This includes an increase of 4.5% based on fiscal year experience to June 30 and 13.2% for law amendments.

The year's experience through last June 30 shows earned premiums of \$75,381,472 with incurred losses of \$41,516,854 and a loss ratio of 55.08. This compares with premiums of \$72,088,691 and incurred losses of \$38,817,545 the preceding year.

"F" classifications under the longshoremen's and harbor workers' compensation act and the New Jersey WC law show several substantial increases, including 13% for both building, yachts; 10.2% for coal dock operation and railroad operations; 12.4% for stevedoring, tallymen, and 13% for steamship lines, tallymen.

Effective Nov. 1, premium discount and optional retrospective rating had been adopted by the bureau. There are two schedules of premium discounts, one for non-participating companies and the other for participating insurers. There is no discount on the first \$1,000 under either schedule. For non-participating companies there is a discount on the next \$4,000 of premium of 10% and 4.5% for participating companies; on the next \$95,000 of premium, the discount is 15.5% for non-participating and 7.5% for participating. Over \$100,000 the non-participating discount is 17.5% and the participating discount 9.5%.

The effect of these discounts is illustrated by the bureau on a \$2,500 premium. For non-participating is 8%, or \$150; for the participating companies the discount is 2.7% or \$67.50, subject to the dividend procedure of the insurer.

Neither premium discount nor retrospective rating supersedes the present New Jersey experience rating plan. Two retrospective rating plans are available if the manual premium is at least \$5,000. The provided for the two retrospective plans includes the same expense adjustments reflected in premium discount. Consequently, when retrospective is selected, it is an alternative to premium discount and not in addition to it. One retrospective plan is A, the no surcharge plan, and the other is B, which provides for a surcharge.

Lumbermens Mutual of Ohio Names Three to Field Posts

Lumbermens Mutual of Ohio has named John L. Moores state agent in Michigan, Edward Stock field representative in southern Virginia and Al Oze field representative in Illinois.

Mr. Moores has been with the company for several years and formerly travelled New York and the New England area. He will have headquarters at Detroit and will be assisted by C. W. McGuire of Grand Haven.

Messrs. Stock and Oze recently completed a training program at the home office.

Two Wis. Mutuals to Merge

Security Mutual Town Fire of Darlington (Wis.) and Homestead Mutual of Appleton have had a request for merger approved by Commissioner Rogan. The merger is subject to ratification by Security policyholders. Gordon Bubolz is president of both companies.



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Exclusive Underwriting Agents of Exchange Insurance Association

D. J. Sherwood Heads Eastern Fire Operations of Fireman's Fund

David J. Sherwood has been named manager of eastern department fire

operations for Fireman's Fund group. Mr. Sherwood will manage fire business in New York, Pennsylvania, Rhode Island, Connecticut, New Jersey, Delaware, Maryland and West Virginia, with headquarters at New York City.

He joined Fireman's Fund in 1946 as fire special agent in Connecticut. In 1951, he was appointed superintendent of production for the fire department, and in 1954 superintendent of agencies. More recently he has been assistant manager of the eastern fire department operations.

Wash. Agents Protest Sportmen's Group Plan

Washington Assn. of Insurance Agents has filed a protest with Commissioner Sullivan, charging that Washington State Sportmen's Council is offering an illegal group liability insurance plan to its members.

The association contends the plan violates the anti-discriminatory rate provisions of the insurance code and, also, that the circular offering the coverage constitutes a solicitation of insurance by the council without a license. It is further contended that no reference is made in the solicitation to the specific premium allocable to insurance, and that a membership application calls for a \$5 lump sum covering membership in the council, the insurance premium for the liability coverage and participation in a group disability policy.

Bodily injury and property damage coverage is \$10,000 for each accident, while members are protected up to \$1,500 for accidental death and dismemberment while engaged in hunting, fishing, boating, trap shooting, competing in or practicing archery, dog field trials, or organized rifle or pistol shooting.

Coverage is underwritten by Preferred Exchange of Seattle.

Independent Adjusters Put Out Useful Directory

National Assn. of Independent Insurance Adjusters has published its membership directory for 1956-57. This is the 19th edition of the membership directory, and it is most elaborate. It includes an atlas with maps of each state and a list of members in the cities within those states and the areas they serve. There is a city index for each state as well, and information is given on adjustment services within each state available from other states. At the back is the constitution and by-laws of NAIA and an alphabetical list of members. The directory constitutes a complete presentation of adjustment services of NAIA members in easy-to-use and graphic form.

Petersen in New Post for Allstate

Walter R. Petersen, assistant vice-president of Allstate, has been named to head the renewal sales division of the home office sales department. He will be in charge of mail order and renewal sales of automobile, residential fire and general liability insurance.



D. J. Sherwood

Mr. Petersen, who was made an assistant vice-president in July, has been manager of the automobile insurance development division. He joined Allstate in 1939.

To Kemper Company Board

Herman W. Steinhaus, president and chairman of Bridgeport (Conn.) Brass Co., has been elected to the eastern advisory board of Lumbermen's Mutual Casualty. He was recently named a director of American Manufacturers Mutual and has been with Bridgeport Brass since 1928.

Citizens Casualty Retiring Preferred, Forming Life Unit

Directors and stockholders of Citizens Casualty of New York have voted to retire 2,000 shares of outstanding preferred stock at \$26.25 per share plus accrued dividends. In addition, transferred, the company will transfer \$50,000 from surplus to capital, and issue 25,000 shares as a stock dividend. This will be at a ratio of one for each 17 shares held as of Nov. 21, 1956. The

stock dividend will be payable Dec. 5. Fractional shares will be avoided by payment of the value of the fraction at the time of the distribution.

Arax Indemnity, of which Citizens Casualty owns 98%, is being converted to a life insurer. For some time the management of the two companies has felt that one casualty company was enough to handle the property insurance business. The new life insurer will be announced after meeting certain formal requirements. Approval of the conversion has been granted by the New York department.

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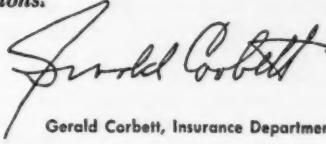
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EDITORIAL COMMENT

Function and Values of Associations

The modern association and its role in the economy was outlined by Charles M. Mortensen, manager of the trade and professional association department of U. S. Chamber of Commerce, at the annual meeting in New York of National Assn. of Independent Insurers. In substance he said:

The relationships between association and industry and between association and government are complex and subtle. Moreover, these relationships are in a constant process of change.

The values in associations are clearly indicated by the fact that every industry and every profession has its own. Trade associations must be a good thing. If they were not, there would not be 12,000 of them flourishing in the U.S. today. There is an association for everybody and everything.

If there is any single secret for the success of modern associations in this country it is undoubtedly due to the truth that there are some things two people can do better than one. It is the application of this sound rule of cooperative action that makes our investment of money and time in an association such a sound expenditure.

How would any one business man like to face the prospect of having to keep up with state and federal legislation affecting his business, to keep informed of government regulations, to collect and evaluate credit information, to gather statistics, to conduct research and to produce trade shows and exhibits, all of his own?

What else do associations do for their members? In a survey of more than 600 associations made by the chamber a short time ago they found associations reporting that they are engaged in more than 150 separate and distinct kinds of activities. The list started with accident prevention and wound up with world trade.

Leading services in frequency with which they were reported are: Conventions and meetings, reported by 97% of associations surveyed; publications 94%, government relations 90%, publicity 84%, statistics 73%, legal services 71%, education 70%, public service 62%, business standards 57%, advertising 57%, and employer-employee relations 57%.

These activities suggest that the role of modern associations is a vital one. But there are several other characteristics that are worth noting about these distinctive business organizations.

For one thing they are truly democratic in their operation. All members, large or small, customarily have the

same voting strength, dues are based on ability to pay and membership is voluntary.

Associations offer extra dividends to the small or medium sized firm because it is the smaller firm that can benefit most from cooperative research, from statistical and economic information and from the pooling of ideas that come out of the sharing of business know-how. A sharing of trade secrets is a unique trait of the American business man that is found no place else in the world today and the association is the medium that makes this sharing possible.

What are the main jobs of the association today? If it is anything at all it is the voice of your business. Through its legislative activities it represents you before governmental administrative agencies and before legislative bodies. Through its public relations programs it represents you before the public. Only through your association can you hope to tackle such difficult problems as the ever present threat of compulsory insurance for the uninsured motorist.

It is not too much to say that your association is the conscience of your business.

Another big job your association must do is to act as the post graduate school for your business. It must be the forum for advanced management training for market research and for economic research.

Perhaps most important of all is the role associations play in defending their industries against the encroachments of government. The French philosopher, Alexis de Tocqueville, put it this way: "An association for political, commercial, or manufacturing purposes, or even for those of science and literature, is a powerful and enlightened member of the community, which cannot be disposed of at pleasure or oppressed without remonstrance, and which, by defending its own rights against the encroachment of the government, saves the common liberties of the country."

In the future, your association needs to put more emphasis on three things. They are:

1. Acting as the voice of your business. Herein lies a great opportunity, for, as Wright Patman said not too long ago, "There has never been a time in the history of this country when there was such a necessity for good organizations as today. People have realized more than ever before

that in order to have a voice in the affairs of your government, it is necessary that you have your voice join in with hundreds of thousands of others, in order that your voice may be heard."

2. Taking a greater interest in national affairs. Associations need to recognize that a sound fiscal policy and a sound federal tax system may well be more important than the immediate problems of any single industry. The same thing can be said about a sound system of social security and about an enlightened program of labor legislation that protects the employer, the worker and the public.

3. Last and most important—working in the public interest. If associations are to hold their key place in the economy, they must take the leadership in their industries and professions, in seeing that the public receives better information, better products, better services.

company. Mr. Gauer received a transoceanic radio set and other remembrances from co-workers.

He has been with the western department since he joined Hartford Fire in 1906 and has headed the brokerage department since 1921. Previously he was a special agent at Indianapolis four years.

Vestal Lemmon, general manager of National Assn. of Independent Insurers, was honored by the board of governors of NAII at the annual meeting in New York on his 10th anniversary as chief of the home office staff. W. C. Searl of Auto-Owners, a past president, made the presentation of a plaque and a color television set to Mr. Lemmon, praising him for his "skill, knowledge and leadership."

David A. North of New Haven, past president of National Assn. of Insurance Agents and of the Connecticut association was being congratulated last week at the Connecticut convention in Hartford on his election to the state assembly.

Alfred I. Jaffe of Jaffe agency of New York has been named associate chairman of the general insurance division of Federation of Jewish Philanthropies to help plan the annual dinner Dec. 13 at Delmonico hotel and the enduring fund campaign.

Armand H. Cote, partner in the Cote & Lowry agency at Pawtucket, was elected lieutenant governor of Rhode Island. He led his ticket. Frank Lowry, the other partner, has just been inducted as president of Rhode Island Assn. of Insurance Agents.

H. T. Silversides, general manager of Yorkshire, has arrived in New York after visiting branches and general agents in Canada, on the west coast and at Chicago. Mr. Silversides, immediate past president of Chartered Insurance Institute, formerly was located in New York for several years and served as U. S. manager of Yorkshire and as president of its American subsidiaries 1947 to 1950.

James H. Horn, new Alabama insurance superintendent, was formerly manager of the state insurance fund. He started in state government work in 1946 in the revenue department. He became chief of the division of records and statistics and was appointed insurance fund manager in 1949. He is a member of American Society for Public Administration and is currently working for his CPCU designation.

Atlantic Mutual Units Move

Home offices units of Atlantic Mutual, including multiple line underwriting departments, have moved from 156 William street to 770 Broadway, New York.

Underwriting units for metropolitan departments will remain at the oil building. The moves will be in effect until the new modern office building is completed on Wall Street.

The NATIONAL UNDERWRITER

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NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

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PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 6-3706. Robert I. Zoll, Middle Atlantic Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. A. J. Wheeler, Pacific Coast Manager.

DEATHS

FRANK E. O'BRIEN, vice-president of America Fore, died at St. Luke's Hospital, New York, after an illness of several weeks. He started the business in 1920 with the agency development department of Travelers in Philadelphia and went with Fidelity & Casualty of the America Fore group in 1930 as assistant superintendent of agencies. He was elected secretary of F. & C. in 1934 and vice-president in 1944. He was made vice-president of all the companies in the group in 1949 and was elected a director of Niagara Fire in 1954.

EDWARD C. HILMAN, 69, president of Traders & General of Dallas, died in his home there. He had been president of the company since 1942 and was principal stockholder at the time of his death. He joined the company in 1928 as secretary and advanced to vice-president executive vice-president and president. He owned a clothing store in Dallas before going with the company.

WILLIAM O. REMSEN, 87 partner in the Marshall & Remsen local agency at Port Chester, N. Y., died at his home in Byram, Conn. He became a partner in the agency in 1897, with the late Herman L. Marshall Jr., grandson of John C. Marshall, who organized the agency in 1860.

THEODORE A. MILLER, 52, manager of the claim department at Houston for Maryland Casualty, died there.

MRS. W. S. CUMMINGS, 59, the wife of W. S. Cummings, bonding manager of Maryland Casualty at Detroit, died at her home there after a long illness.

VERNON C. BOGEY, 70, for 45 years one of the well known local agents at Los Angeles, died of shock following minor surgery. He was a past president of Insurance Assn. of Los Angeles and of the Underwriters Club. A son, Frederick, was associated with his father in the agency business, and another son, David Bogey, is a special agent for Loyalty group at Los Angeles.

BYRON E. TURNBULL, 81, local agent of Utica, N. Y., died there after a long illness.

J. CLARK BUCHANAN, 70, PML-GG of Honorable Order of Blue Goose and insurance director of Auto Club of Southern California until his retirement, died at his home in Los An-

geles. Mr. Buchanan attended all national conventions of Blue Goose until this year, when he was required to remain at home because of ill health. Mr. Buchanan began his insurance career with the W. I. Hollingsworth agency and then joined the Auto Club in 1917.

G. BLAIR HISER, 60, executive vice-president and general attorney of United of Chicago, died following a short illness. Mr. Hiser started with United in 1922 as an agent and rapidly progressed through a series of promotions. He studied law at night school and after being admitted to the bar was named manager of the claim department. He was promoted to general attorney in 1945 and executive vice-president in 1953. Mr. Hiser was a past-president of Chicago Claim Assn. and active in International Claim Assn.

LEANDER M. CULP, 90, of the Culp agency of Lakeville and South Bend, Ind., died after an illness of two years.

GLENN L. THRUSH, 68, former Ohio state agent for National Fire, died at his home in Canal Winchester, O. Mr. Thrush was a local agent in Canal Winchester in 1906 and then worked for a time in the state fire marshal's office. He went with National in 1915, and in 1923 joined Providence Washington, but the following year returned to National.

LESLIE H. ERICKSON, 59, vice-president of Northland, Northland Life and Northland agency of St. Paul, died. Mr. Erickson graduated from St. Paul College of Law in 1919. He was in private law practice until 1926 when he became the assistant general counsel of Republic Casualty of Pittsburgh. In 1928 he became special deputy in the Pennsylvania department. He left there in 1938 to join American Casualty as vice-president and director of agencies. He was president of the Farm Equipment Sales Co. of Franklin, Mass., from 1946 to 1948 when he joined the Fred L. Grey Co. of Minneapolis as a special agent. In 1949 he joined the Northland companies as vice-president.

Texas Surplus Lines Assn. to Complete Organization Dec. 6

DALLAS—Formal organization of Texas Surplus Lines Assn. Inc., with the blessing of the Texas department, will be completed at a meeting in Dallas Dec. 6. B. P. Russell of Floyd West & Co. general agency is temporary president.

The key objective is to provide sound insurance markets within the state for coverages "not procurable, after diligent efforts, from admitted carriers," thereby seeking to keep such excess and surplus lines "at home."

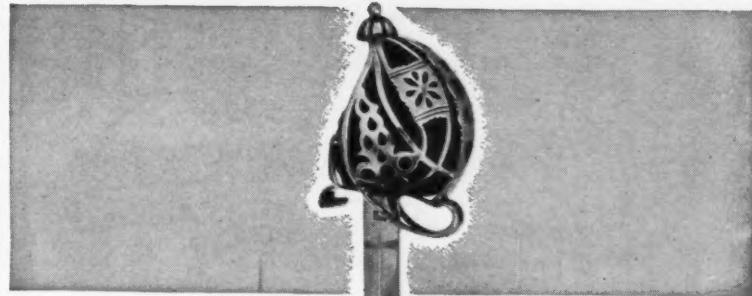
Insurance Women of Wichita Falls, Tex., organization at the October meeting. It was heard reports on the convention of the state announced the local association had won the federation award for membership increase.

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Continental Casualty Develops Check Record Form for Retailers

Continental Casualty has developed a check-recording system designed to reduce business losses caused by lost, stolen, or destroyed checks. Called "Check-Record," it features an individual record slip—filled out by the customer—of each check cashed by a retailer. The system facilitates stoppage and reissue of missing checks.

Two factors spurred the development of "Check-Record." Check crimes are rising at the rate of 5% a year at a time when the national check volume annually reaches a new high, and a recent Wisconsin court decision held an insurer not liable for a check loss because the merchant did not keep adequate records.

It is estimated that only one-third of all merchants are exercising proper care cashing and recording checks. The most serious objection to keeping records is the time and effort required. "Check-Record" solves this problem by providing a form that meets the record requirement of insurance contracts. And, since each customer completes his own record slip store personnel are relieved of this task.

The adoption of "Check-Record" will mean financial savings for the insured. Under certain conditions rates for check coverage will be reduced 30 to 50%. Since use of the system should lower losses, further rate reductions are possible for experience rated risks. Some cases, not currently acceptable, may be underwritten where "Check-Record" is utilized.

The "Check-Record" form consists of a small slip on which the customer lists his name, date, check number, bank, issuing party, and where applicable, credit number. It is prepared beforehand and presented with the check. The forms are disposable. Retailers need to keep them only until the checks have cleared. This eliminates the need for bulky, permanent records.

In a trial use of "Check-Record" cus-

New Stock Companies to Face Stricter Regulations in La.

The Louisiana department is drafting regulations to bring stricter control over new stock insurance companies.

Noting that stock companies, mostly life, are growing in the state "at an alarming rate," Superintendent Hayes said that department attorneys are preparing new rules to prevent a scandal such as occurred recently in Texas where policyholders are reported to have lost millions of dollars. The department said that at least 26 stock insurers have been organized in the state since April, more than ever existed before.

The Louisiana Better Business Bureau said that state investors are pouring millions into the stock insurers. Some of the companies, the bureau said, had backers who were connected with the Texas scandals.

The Louisiana insurance code is considered a model one, but stock companies are only slightly regulated. Only if the company finally enters the insurance business does it come under strict regulation.

Pfeifer Named at Oakland

Fire Association has appointed Robert A. Pfeifer manager at Oakland, Cal., to succeed Robert Kaiser, who has joined Civil Service Employees.

Mr. Pfeifer was with Pacific Rating Bureau at Oakland for five years before joining New Zealand in 1952 as manager of the east bay office. In his new position he will be assisted by Special Agent Frank Peggs.

tomers voiced no objection. The consensus was that check cashing was an accommodation, and filling out the slip was a reasonable request on the part of the store.

Samples of the form are available from all offices of Continental Casualty. The individual merchant or retailer may have his own supply printed from this sample.

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International Aviation Insurer Group Meets in England

International Union of Aviation Insurers, at its meeting in Torquay, England, reelected Per M. Hansson, managing director of Storebrand, Norway, president; W. de Vlaming of Holland 1st vice-president, and A. J. Smith, president of U. S. Aviation Underwriters, 2nd vice-president.

The organization's more than 550 member companies from 17 countries considered the underwriting problems posed by introduction of high valued jet aircraft into active service. These aircraft, costing about two million pounds and capable of carrying 100 to 130 passengers, each of whom may carry liability up to 6,000 pounds if the protocol to the Warsaw convention becomes ratified, will present difficulties and place unprecedented demands on the insurance market.

In addition to its preoccupation with practical underwriting problems, the union also acts in a consultative capacity with other international organizations in the sphere of aviation transport.

The meeting of the union closed with a banquet at which Sir Matthew Drysdale, Chairman of London Lloyds, and J. A. Pollen of London Assurance were guests.

Paul Whitbeck Now Head of Cleveland Board



P. R. Whitbeck

Cleveland Trustees of Insurance Board of Cleveland at a meeting last week elected Paul R. Whitbeck as president to fill the vacancy created by the death of Thomas J. Oswald.

Mr. Whitbeck has been in insurance since 1939, and joined his present agency, Levering & Whitbeck, in 1948.

He has been a trustee of the board since 1952.

Donald S. McBride was elected vice-president of the board, and George E. Frankel was named a trustee to succeed Mr. Oswald.

Assigned Risk Plan to Operate Six N.Y. Temporary Offices

Representatives of the New York assigned risk plan will be available in six upstate New York cities during the coming motor vehicle registration renewal period for auto owners unable to obtain liability insurance through normal channels. New York's new compulsory auto insurance law will affect all 1957 registration applicants.

Ordinarily car owners unable to get coverage through local agencies or brokers are referred to the assigned risk plan in New York City, where the only permanent offices are maintained. However, during the 1957 registration renewal period, starting Dec. 3, the plan's representatives will set up temporary offices in Buffalo, Rochester, Syracuse, Utica, Albany and Binghamton to receive over-the-counter applications for coverage under the plan, allocate risks to individual insurers and prepare the required certificates of insurance under the compulsory law. The New York office will continue to handle mail applications from all over the state.

Snohomish Association Host to Legislature Candidates

Eight candidates for the state legislature were guests of Snohomish (Wash.) County Assn. of Insurance Agents at a luncheon in Everett.

Herbert Wilson, legislative chairman who presided, discussed problems which may confront the 1957 session of the legislature. In particular, he covered the uninsured motorist and attempts by compensation claimant lawyers to liberalize laws to increase the amount of settlements arising from accident verdicts. Mr. Wilson also outlined the association's educational program.

Safety Device for Boats

Micro-Moisture Controls of Mineola, N.Y., has developed a device to detect leaks in motorboats or sailboats before they would be apparent otherwise, and sounds an alarm.

Heart of the marine "weather-guard" is a moisture-sensitive electronic grid, designed to close an electrical circuit as soon as it comes in contact with water. The device has aroused interest among underwriters.

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FIELD

Three Field Changes for St. Paul F.&M.

St. Paul F.&M. has made three assignments in field personnel:

State Agent Walter Kennedy has been transferred from Ohio to the New England department as a part of the expansion program there, and a new field office will soon be opened in New Haven, Conn. Mr. Kennedy has been with St. Paul F.&M. for several years, both in the home office and the Ohio field.

Arthur S. Herring, who joined the company Oct. 1, will replace Mr. Kennedy as state agent in southwestern Ohio, with headquarters at Cincinnati.

Ernest E. Vopat has been appointed special agent and is assigned to the western Kansas territory, with headquarters at Wichita.

Fire Destroys Building During Town Inspection

A fire which destroyed the Mills-Morris auto parts store at Jonesboro, Ark., ironically emphasized the importance of fire prevention on the final day of a three-day inspection of the city by 54 members of Arkansas State Fire Prevention Assn. Loss to the building and contents was expected to reach \$150,000.

The association inspected 422 buildings and made 978 recommendations for elimination of fire hazards. More than 1,500 high school students saw the association's fire safety show presented by Executive Secretary Carl S. Smalley and featuring Stupid Carelessness, the fire clown. Grade school children saw fire prevention movies and conducted fire drills. Other highlights of the inspection included four radio programs, a mile-long parade and a fire-fighting demonstration.

Mid-South Pond Initiates 8; Presents 25-Year Pins

Mid-South pond of Blue Goose initiated eight new goslings at its dinner and initiation meeting in Memphis. The pond also presented life membership to R. C. Wade, PMLG of the Tennessee pond and retired state agent of State of Pennsylvania.

Twenty-five year pins were presented to five ganders from Memphis: F. C. Ellis, manager of General Adjustment Bureau; A. J. Wild, manager of Tennessee Inspection & Rating Bureau; John Gurley, local agent; L. H. Harber of National Board, and M. J. Davis, state agent of Home.

MLGG Jules E. Simoneaux and Don Blankenship, assistant manager of the Gros agency of Memphis, were speakers at the meeting.

Aetna Fire Appoints Kuhn to Mass. Field

Aetna Fire has appointed Donald M. Kuhn special agent in eastern Massachusetts. He succeeds Robert D. Muenzberg, who has resigned to enter the local agency business.

Mr. Kuhn entered insurance in New York in 1949 with North British group and the following year went to eastern Massachusetts for that group.

He will have headquarters at Boston, with Manager H. E. Hibler and State Agents Homer W. Jones and Harold M. Estabrook.

Mountain States Field Men Elect Reid President

New officers elected by Fire Underwriters Assn. of the Mountain States at the annual meeting in Denver are:

President, Edward Reid, American; vice-president, Kenneth Grunwald, Daly general agency; secretary-treasurer, John B. Leyton, Loyalty group. Named to the governing committee were Orville M. Moore, Loyalty group; John L. Vorse, Security of New Haven; George Simonton, Interstate agency, and F. Richard Sharpe, U.S.F.&G.

So. Cal. Field Men Name Ray Swanson President

LOS ANGELES—Southern California Fire Underwriters Assn. at its annual meeting here elected Ray Swanson of New Zealand as president; Howard Boyd, Hartford Fire, vice-president, and James Cox, Deans & Homer general agency, secretary-treasurer.

Chief engineer William L. Miller of the Los Angeles fire department was elected an honorary member, and he spoke briefly on the close relationship between the association and the fire department, stressing the responsibility of both organizations in saving property and lives. Both the field men and the firemen make recommendations to prevent fires, Chief Miller said, but they are too often ignored.

Thompson Named Special Agent for Great American

Great American has named G. Robert Thompson special agent for southern California and southern Nevada to succeed Frank C. Kerestesi, who resigned. He will have headquarters at Los Angeles.

Mr. Thompson joined the company in March after several years with Pacific Fire Rating Bureau.

Crouse in N. D. Field for National Fire

Thomas R. Crouse has been appointed special agent in North Dakota, with headquarters at Bismarck, for National of Hartford group. For the last five years, Mr. Crouse has been manager and part owner of a local agency. In the North Dakota territory he will be associated with State Agent A. K. Bolton and Special Agent R. A. Barker, who have their headquarters at Fargo.

O'Toole to California Field as Buffalo IM Director

Buffalo has appointed John J. O'Toole inland marine supervisor and special agent in California.

He started in insurance with Royal-Liverpool in San Francisco in 1948 and subsequently transferred to southern California as a special agent. Since 1952 he has been with Talbot, Bird & Co.

Gore Manager of Travelers at Winnipeg

William R. Gore has been appointed manager of casualty, fidelity, surety, fire and marine lines of Travelers at Winnipeg. He will succeed Henry H. Mumaw, who has been transferred to Spokane as assistant manager.

Mr. Gore joined Travelers in 1952 as a casualty, fidelity and surety supervisor at Toronto where he served until his recent promotion.

Sun Names Taylor to Succeed White in Tennessee

John D. Taylor has been named Tennessee state agent for Sun to succeed Russell White, who resigned to join a Nashville general agency. Mr. Taylor will have headquarters at Nashville. He was formerly with a Nashville general agency.

Inspect Pearsall, Tex.

Alamo Field Club inspected Pearsall last month with 25 members participating in the two-day event. The

luncheon speaker the first day was Everett DeWolfe, Home. There was a parade the second day. A total of 153 risks were criticised.

Phoenix-Conn. Transfers Ambler to Orlando, Fla.

Phoenix of Hartford has transferred Franklin C. Ambler from assistant superintendent of the automobile department in the home office to assistant casualty manager at Orlando, Fla. He joined the company in 1927 and, in his new assignment, will assist A. W. Roberts, manager.

Royal-Liverpool Names Polson to Michigan Field

Royal-Liverpool has assigned Richard C. Polson state agent in Detroit to succeed Richard J. Troy who has resigned. Mr. Polson joined the group in 1951 in New Jersey and was appointed special agent in Milwaukee in 1954. He transferred in the same capacity to Grand Rapids in 1955.

American Names Pringle State Agent in Michigan

American has named Robert W. Pringle state agent in Michigan with headquarters at Flint.

Mr. Pringle began his insurance career with Nebraska Inspection Bureau and for the past six years has been a special agent in Nebraska for National Union.

Pinkney Named to Conn. Field by Security-Conn.

John E. Pinkney has been appointed special agent in western Connecticut by Security-Connecticut. He started in insurance with Phoenix of London in 1948 and was appointed special agent in Connecticut in 1949. He is president of the Connecticut Field Club.

Kaga Joins Agency Ranks

D. G. Kaga, who for four years has been Indiana state agent of American, has joined the R. L. Thorpe agency of Indianapolis as a partner with Mrs. Ruth H. Thorpe, the widow of the founder.

Mr. Kaga started in insurance at the Chicago office of Home while taking the insurance course at Northwestern University. He went to the Indiana field as Home special agent in 1932, and later was with Secured of Indianapolis, where he became vice-president and superintendent of agencies. He is a past president of Indiana Fire Underwriters Assn. and a PMLG of the Indiana Blue Goose.

Preferred Names 2 Field Men

Preferred of Grand Rapids has named new field men in Michigan and Ohio.

E. B. Payne has been appointed special representative in northern and western Michigan with headquarters in the home office at Grand Rapids.

J. E. Frazier will travel Ohio out of headquarters at Lakewood.

Plan Local Assn. at Laredo, Tex.

Plans for a local association at Laredo were made at a meeting there of 12 of the city's leading agents with Drex G. Foreman, executive secretary Texas Assn. of Insurance Agents. George O. Jackson was named president pro-tem and Will P. Ellis was appointed temporary secretary. Another meeting will be held to elect permanent officers and to adopt a constitution and by-laws.

Automobile Claims Assn. of New York heard M. P. Anstey of National Automobile Underwriters Assn. discuss the family auto policy, at a luncheon meeting in New York.

A & H

Chicago A&H Association to Hold Orphan Party

Chicago A&H Assn. will hold its annual Christmas party for underprivileged children Dec. 12 at the LaSalle hotel. This year more than 100 children from the Northwestern University Settlement organization will be treated to a turkey dinner, gifts and entertainment by the association and its women's division.

Members of the association and the women's division play the role of Santa Claus and his helpers, while others wrap packages, bake cookies and help with entertainment.

Special guests from the sports and TV world and other professional entertainers will be on hand to entertain the youngsters.

Costs of the party are defrayed by association members and by donations from local individuals, agencies and companies in the A&S business. Frank Watt of Washington National and R. O. Wehrmeister of W. A. Alexander & Co. are co-chairmen of the party committee. Other members are Marie Meade of Health Insurance Assn. of America, Alice Babian of Insurance Economics Society, Bruce Gifford of International Assn. of A&H Underwriters, Edwin H. Schell of Prudential and Robert R. Robson of Connecticut General.

Mutual Benefit H.&A. Revises Major Medical

Mutual Benefit H.&A. and United Benefit Life have made a number of changes in their group major medical program.

One of the innovations is a "benefit year" feature providing a new basis for applying the deductible so that is used only once during a 12-month period, beginning on the incurred date of the claim qualifying the insured for benefits. The deductible will not be reapplied until at the beginning of a new "benefit year," thus enabling the policyholder to budget for medical expenses on a full annual basis.

Another feature is an optional provision under which only the first \$2,000 of covered expenses will be paid under coinsurance during any benefit year and all covered expenses during that year in excess of \$2,000 will be paid in full. This will place a definite maximum on the insured's expenses during any year.

A&S Coverage for Income Tax Deductions Described

Use of A&S insurance to cover income losses and to effect income tax deductions was explained by Robert Will of Continental Casualty at the October meeting of Los Angeles A&S Underwriters Assn. Mr. Will said the premium rate for "business interruption" coverage is high, and he gave the limits that might be purchased. He also defined what could be classed as overhead expenses for tax deduction purposes.

Northwest Wisconsin A&H Men Hold Sales Congress

Northwest Wisconsin Assn. of A&H Underwriters at its annual sales congress in Eau Claire heard speeches by Ward Beall of North American Life & Casualty, Minneapolis, on "Team Work" on Underwriting"; Bruce Gifford, managing director of International Assn. of A&H Underwriters, on "The Value of Organization Through Associations," and Gibson Wright of Eau

Claire, zone chairman, on plans and activities of the international association.

Ace Loomis of LaCrosse, state association, and international past-president Carl Ernst of North American Life & Casualty, Minneapolis, talked on "Selling A&S Insurance."

The value of advertising in helping to promote and expand business and the small cost to each individual were outlined by Freeman von Schrader, advertising manager of the Eau Claire Daily Telegram & Leader. He pointed out that over \$5 billion is spent every year in this country on advertising, but that the cost to an individual is small. Mr. Schrader explained how advertising stimulates business in return for the money invested in it.

Hogan Joins Mutual of Omaha as Secretary

Frank J. Hogan has been elected secretary of Mutual Benefit H. & A.

He has been president of Constitution Life of Los Angeles.

Mr. Hogan has been in insurance since graduating from college in 1925. He was an actuary for the Iowa and California departments for 12 years, and in 1951 he joined Constitution Life

as vice-president and actuary. He was elected president in 1952.

Chicago A&H Assn. Holds First of Three Clinics

Chicago A&H Assn. held the first of three sales clinic sessions on A&S insurance last week, with James Beaumont, Provident L. & A., and Wheeler Tracy, New York Life, discussing prospecting from the point of view of broker and agents.

The association is holding another session this week on the A&S product, and the final session next week will cover closing the sale.

Mr. Beaumont told the first clinic that prospecting potential is especially good in the fall because many persons receive bonuses or dividends from their companies. Mr. Tracy commented that people are more interested in talking about A&S insurance than life insurance, and suggested prospecting among small business proprietors with a view to installing a small group plan as a Christmas present for employees.

Moderator of the discussion was Edward N. Cheek, Connecticut General. At the clinic this week the speakers are Robert Seiler, Paul Revere Life; Albert H. Wohlers, Youngberg-Carlson agency, and Kenneth Saunders, Continental Casualty. Next week, W. Clement Stone Sr., president of Combined, and John Palmer, vice-president of Robert Palmer Corp. and sales editor of A. & H. Underwriter magazine, will lead the discussion.

The programs are free to prospective members of Chicago A. & H. Assn. A set of hand books on A&S insurance are given free to each person attending.

Colegrove Says Government Should Leave A&S Alone

Albert M. Colegrove, Scripps-Howard feature writer who is given credit for touching off the FTC investigation of A&H advertising, told members of California Assn. of A&H Managers at their convention in San Francisco that the business has rid itself of the conditions calling for attention and the government should not "dabble in the health insurance field." Mr. Colegrove

said he believes his articles helped the A&S insurers by calling attention to practices of certain companies.

Other speakers at the convention included Roy A. MacDonald, director of company relations for Health Assn. of America, and Harry J. Stewart, president of West Coast Life. Robert J. Glasgow, vice-president of Continental Casualty, discussed the outlook for A&S and some of the current trends.

Oklahoma A&S Group Elects

Health & Accident Insurers of Oklahoma, a public relations organization of company men, has elected Howard Hentz, Globe L&A., as president; Ralph Troyer, Western Security Life, as vice-president, and Leonard Carter, Commonwealth Life of Tulsa, secretary-treasurer.

6,000 in MSU Student A&S Plan

More than 6,000 students at Michigan State university have enrolled in the new accident and sickness insurance program underwritten by Continental Casualty. The plan pays benefits for accidental death and dismemberment, A&S medical expense reimbursement and surgical expense. It is sponsored by the all-university student government.

Elliott Heads Railroad Unit

Frank O. Elliott has been appointed superintendent of the railroad division of Continental Casualty. He has been assistant superintendent of agencies in the division.

Five More Filings for Graduated Rates OK'd in Texas

DALLAS—Four foreign and another Texas company last week announced filings of the Texas graduated reduced rate plan for fire, extended coverage and the physical loss form on dwellings and contents, with the deviations being practically identical with those filed late in October by the Southwest General of Dallas.

The new filings were made by London Assurance, Manhattan F.M., Maine Bonding, Birmingham Fire of Alabama and the Houston-American. The filings became effective as of Nov. 1 for a term of one year.

The graduated reduced rating plan, which is based on the amount of insurance in force, provides for no change in rates on the first \$5,000 of the face amount and then sets up the following reductions: 40% for excess of \$5,000 up to \$10,000; 50% for excess of \$10,000 up to \$15,000 and 30% for excess of \$15,000.

Wash. Grange to Buy Mayflower Exchange

Commissioner Sullivan of Washington has approved the purchase of Mayflower Insurance Exchange of Seattle by Grange Insurance Assn. of Seattle. Mayflower is a reciprocal and Grange is a mutual. Actually, the purchase is of Mayflower Underwriter Inc., the attorney-in-fact of Mayflower Exchange.

Pitcher & Co. Affiliates with Allied Adjusters

Lewis B. Pitcher & Co., independent New York adjusting firm, has become affiliated with Allied Adjusters of Baltimore. Pitcher & Co. will continue operations at 15 Maiden Lane, New York.

Allied Adjusters operates branch offices throughout New Jersey, Maryland, Delaware, Virginia, West Virginia, Ohio and District of Columbia.



your job is PROTECTION.....

By offering the services of an insurance agent, you're providing protection to your clients, shielding them from loss by a host of accidents and misfortunes.

By offering the most progressive coverage and services, we are providing you with protection that meets your clients' requirements, *economically*. Policies that reflect the basic desire of every business and person to guard against obliterating loss. Practical, common sense policies whose completeness and simplicity enable you to give satisfactory service and build strongly for the future.

It's good to know that professional competence and experience are available—to assist you, while you protect others.

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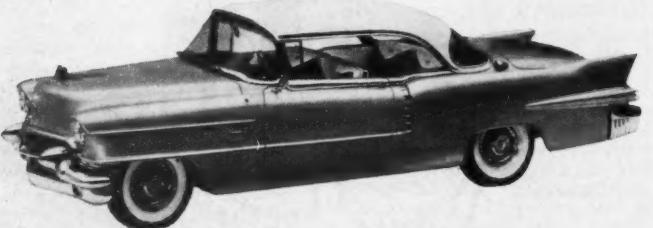
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His professional competence, his interest in his community and its people make him ideally suited to render a highly valuable, personalized insurance service to his "neighbors".

Berkshire
MUTUAL FIRE INSURANCE CO.
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SERVING THROUGH LOCAL AGENTS SINCE 1835

Broker Says Better Producers Are Key to Competition

In the past few months many company leaders have put forth the idea of cut rate insurance and reduced commissions to meet the competition of direct writers and specialty companies. William C. Field said at the annual luncheon of Insurance Brokers Assn. of Massachusetts.

He said brokers will oppose any commission decrease. Company men have said the producer should not benefit from increased rates flowing from poor loss experience, but expenses of agency operation certainly have not been reduced. Would these executives propose a commission increase if rates were reduced? he asked. Some rates have been reduced.

The real answer, he said, is to select, educate and supervise producers and get companies to appoint only qualified and capable producers.

Mr. Field was reelected president of the association, along with the other officers. New members of the executive council are Milton L. Scheffreen, Edwin Lougee 3rd, and David P. Tinke.

Western Millers Mutual Names Two Field Men

Charles L. Morgan and Frank O. Steiner have been named field representatives in Missouri and Illinois, respectively, for Western Millers Mutual of Kansas City.

Mr. Morgan, who has had agency experience, will travel central Missouri, and Mr. Steiner, who was with Millers Mutual of Alton, Ill., will handle Illinois and eastern Missouri with headquarters at St. Louis.

Plitt Succeeds Falk as President of Insurance Institute

Insurance Institute of America elected W. Irving Plitt, vice-president of Atlantic Mutual, president, and awarded prizes to eight 1956 graduates at the annual meeting and luncheon in New York.

John H. Dillard, vice-president of Fireman's Fund, was elected vice-president and all other officers were re-elected. New three-year directors are John H. Grady of Potomac; Charles P. Jersey, vice-president of Travelers Fire; William Leslie, general manager of National Bureau of Casualty Underwriters; Walter L. Falk, vice-president of Royal-Liverpool and retiring institute president; John A. Diemand, president of North America; F. Elmer Sammons, president of Hanover Fire, and Edward J. Martin, vice-president of Phoenix of Hartford.

The Edward Rochie Hardy prize for over-all student excellence went to Donald M. Follingstad of Federated Mutual of Minnesota, and the McKeel prize for excellence in claims and adjustment courses was won by Roy F. Moore of Texas Employers Insurance Assn. Institute prizes for the highest grades achieved in each examination period during the year went to Andrew Melgard of New Amsterdam Casualty, Miss Nellie N. Jones of the Canton, O., local agency of William Hasford, Morton A. Solot, local agent of Tucson, Ariz., Mrs. Macushala M. Harlow of Texas Employers Insurance Assn. and Franklin A. Klumpes, special agent of Grain Dealers Mutual of Indianapolis.

Dr. Harry J. Loman, executive vice-president of the institute, in his annual report, pointed out that the institute now has some 80 examination locations spread throughout the country and that a total of 261 persons qualified for certificates this year. He expressed disappointment that many more failed to qualify, but pointed out that while many persons are taking the courses a far lesser number are actually taking the examinations.

Mr. Falk, the retiring president, in his report noted that the luncheon and annual meeting drew a crowd of almost 200, the best turnout in history. He lauded Mr. Loman's work during the past few years and predicted steady growth of the institute in the future.

Insurer Wins Big Block Case in Cal.

In one of the first large cases brought under the new commercial block policy, judgment was entered in favor of Great American on a claim for \$62,000 made by an insured who asserted that the agent had bound the risk orally the night before the fire. The fire occurred at 9 a.m. on a Tuesday morning, and the effective date of the policy subsequently issued was noon of that day. All fire damage had been completed before noon, the effective date of the policy. The case was defended by Bert W. Levit of the San Francisco and Los Angeles insurance law firm of Long & Levit and was heard before Superior Court Judge Sparling of Los Angeles county.

Northwestern Mutual Has Changes
Sidney McLemore, inspector for Northwestern Mutual of Seattle, has been transferred from Dallas to the Arkansas-Louisiana territory. Jay Dyer, former inspector in the area, has been appointed to the fire underwriting staff at Dallas.

From North to South



Ohio Farmers Companies

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Says Fire Insurance in Lean Era

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surance market is the tendency of primary companies' premiums to level off while operating costs continue to press upward. This cross fire has produced three noticeable trends in reinsurance.

1. These forces have sparked a search in some quarters for incoming reinsurance in those lines normally re-insured on a surplus share basis to offset premium loss from outgoing reinsurance—in other words, a search for reciprocity—a word long and painfully known to professional reinsurers in Europe.

2. This volume-expense squeeze has caused a good many companies to take a long hard look at switching surplus share reinsurance into excess of loss reinsurance.

3. Competition for the premium dollar has led insurers to expand services to agency plants and to the insuring public. This in turn has led to the demand for expanded reinsurance services. Most notable in this regard is the growing demand for facultative reinsurance on an individual risk basis. In days of premium plenty, many companies let the difficult risk find its way into surplus line markets abroad. Now they are finding that it is good business to serve the agent and insured (and often keep control of an entire account) by handling the difficult risk with the aid of facultative reinsurance from a professional reinsurer.

The third force at work in the reinsurance market is the rapid growth of multiple line underwriting which has not only put fire companies into the casualty business and casualty companies into the fire business—with all the reinsurance activity attending such a cross movement—but has produced and is still producing all kinds of basket covers whose reinsurance has produced new technical and rating problems. To them, however, the reinsurance industry has responded satisfactorily, he said.

Inflation, of course, produces rising verdicts, rising medical costs, rising labor and material costs and, in the fire field, a widening gap between insurance and value. Mr. Lowry emphasized that the effect of inflation on an excess of loss reinsurer—particularly in the liability and compensation lines—is far more severe than on a primary writer because of the leverage factor. If, between the time that a reinsurance rate has been established and a reinsurance premium paid and the time of settlement of an insured accident, the purchasing power of the dollar is cut in half, as a practical matter, the relative cost of settling that accident will just about double. Two examples will show how doubling the cost of an accident affects a primary insurer and his reinsurer:

1. Suppose the accident, pre-inflation, would cost \$15,000 to settle and suppose the primary company was re-insured excess of \$10,000. The primary company would have paid \$10,000 and the reinsurer \$5,000. Now double the cost of the accident. The primary company still pays \$10,000 but the reinsurer now pays \$20,000, or four times as much.

2. Suppose the accident, pre-inflation, cost \$7,500. The primary company pays the whole cost and the reinsurer pays nothing. Now double the cost of that accident. The primary company pays \$10,000, a 33 1/3% increase, and the reinsurer has a \$5,000 claim that it would not have had pre-inflation.

Inflation, therefore, sharply raises

not only the cost of reinsurance liability and compensation claims but the number of reinsured claims as well.

In an inflationary period, this force is working not only on current accidents but on the entire backlog of unsettled cases from prior years. Not only do current accidents, therefore, cost more but reserves for prior accidents, which were adequate when set up, may have to be increased—and increased again and again as the inflationary spiral mounts.

This inflationary force is bad enough in a liability case where the time span between the making of a rate and an ultimate settlement of an accident is relatively short, he said. It is a lot worse in the field of workmen's compensation where the time span between the making of a rate and the closing out of a claim can run 20, 30, 40 years. The medical feature of WC is the only futures commodity contract known to modern business which contains commodity commitments unlimited both as to time and amount. The insurer takes an agreed price today and promises to deliver as much hospital care, nursing care and doctor's care as may be required by such of the insured's workmen who may be injured during the year the policy is in force. That care may well extend 30 or 40 years into the future. None can guess what a day in the hospital will cost in 1986. Since these long term WC claims fall in large part on the reinsurer, the brunt of the inflationary blow falls on him.

In the light of current trends, Mr. Lowry suggested, the reinsurance buyer should analyze first his reinsurance objectives and then analyze his reinsurance to see whether it is designed to promote these objectives with maximum efficiency. By selecting basic techniques to fit the individual case, reinsurance can be made to serve any one or more of five entirely different objectives, not all of which are necessarily important to any individual company. There is no good or bad reinsurance program—there is only a reinsurance program which is good or bad for the particular company in the particular situation in which it finds it-

(CONTINUED ON NEXT PAGE)



the company field organization

Agents are generally agreed on one phase of company service that can be a very valuable and constructive help to them in their efforts to get and oftentimes hold business. This particular service is on-the-spot assistance from alert, energetic and well-equipped fieldmen.

The old saying, "Two heads are better than one" is often demonstrated when there is a tough sales problem at hand and an agent can call upon and obtain prompt and effective service from his company's Special Agent right on the scene of action. This is truly "Service that Helps."

The Commercial Union-Ocean Group of Fire and Casualty companies with broad understanding of the agent's problems, places special emphasis on its field organization. Its Special Agents are trained multiple line fieldmen, chosen for personality and keenness to serve our producers realistically and practically.

Agents who seek to develop an enduring and growing business will appreciate the part our Special Agents play in our plan of Endorsing the Local Agent by Acts and Services.

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The British General
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Selling Tools for any
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(CONTINUED FROM PRECEDING PAGE)
self in the current state of its affairs.

He described briefly the five different objectives of reinsurance and the techniques by which each objective can be met:

1. The objective of finance—to make it possible for a company to write a premium volume greater than its surplus to policyholders will support. Depending upon the degree of help needed, this objective is best met by either a quota share or a surplus share treaty—or, in certain instances, by a combination of the two.

2. The objective of selection—to make it possible for a company to select those risks which it wishes to keep and those which it wishes to lay off in part. This objective, of course, can only be met by a surplus treaty which is the only reinsurance intrumentality which gives selection control.

3. The objective of spread—to make it possible for a company to improve the spread of its business. Under certain limited circumstances this can be accomplished by means of reciprocal treaties under which the business of

one primary company is exchanged for that of another.

Mr. Lowry said that where the business exchanged is genuinely different—i.e., North American fire business for South American fire business, the exchanging companies improve the spread of their business and the exchange can, therefore, be beneficial provided there is a reasonable balance between the loss experience on both halves of the exchanged business. But, he added, the insurer should bear in mind with respect to reciprocal reinsurance that:

The business exchanged has to carry two overheads instead of one.

If in fact the business received is not different from the business ceded, nothing is accomplished by the exchange except the doubling of the overhead burden.

If the exchanging companies face substantially the same problems of underwriting and risk selection, the chances are pretty good that both companies will be trying to reinsure down the same risk classifications and that, therefore, in giving and receiving each other's reinsurance they will be getting back exactly what they have been giving off and both will, therefore, be defeating their own underwriters' selection objectives.

4. Commenting on the insurer's objective of eliminating peak exposures, Mr. Lowry said this can be effected either by surplus reinsurance or excess of loss reinsurance. The choice between these two methods of reinsurance is frequently a close and difficult decision. Surplus reinsurance has the virtue of not only reducing peak exposures but of giving protection against adverse underwriting trends as well and, of course, surplus relief where needed. Its drawback as compared to excess of loss reinsurance is its greater burden of clerical detail and its reduced efficiency on the very large risk. A good many companies who have traditionally reinsured on a surplus share basis are today being urged by some reinsurance salesmen to consider a changeover to excess of loss. Sometimes that changeover is wise. Sometimes, it is merely a sales pitch by a reinsurer who wants to get into the account. In general, Mr. Lowry advised any company to be very sure of its ground before moving from surplus to excess reinsurance. The change can work out very badly indeed. It is mechanically easy to change from surplus reinsurance to excess reinsurance, but it is not so easy to change back again. A change from excess reinsurance back to surplus reinsurance means reunderwriting every piece of business on the books—unless the company making the change is willing to take several years to complete it.

5. The objective of catastrophe protection. This objective is normally performed by excess of loss reinsurance which in executive evaluation of a reinsurance program should be kept separate and distinct from any excess of

loss reinsurance designed to eliminate peak exposures. Excess of loss reinsurance against catastrophe loss should attach at a point where the loss would be a real catastrophe to the company buying the protection and not at some lower point which should be protected by a surplus or excess cover designed to eliminate peak exposures.

Mr. Lowry especially pleaded the cause of all professional reinsurers writing true catastrophe covers. These reinsurers find themselves caught between two well worn arguments. The company which has never enjoyed a catastrophic loss points to its excellent record and expects it to be reflected—generally over-reflected—in its catastrophe rate. The company which has had the catastrophe points out that that is what catastrophe reinsurance is for and that the reinsurer cannot expect it to pay a premium commensurate with the loss it has had. The truth is, of course, that true catastrophe covers cannot be self rated and the reinsurer must collect from all his customers enough catastrophe premium to pay for the big one when it comes along.

The competent, experienced reinsurer will do his best to help his client work out the reinsurance program best calculated to promote the client's sound objectives, he concluded. He won't (if he's wise) merely try to sell what is profitable for the reinsurer. The insurer in studying this reinsurance objectives and methods, therefore, will consult his reinsurer. The latter may have some good ideas to offer. A strong reinsurer is a useful adjunct to the insurer's business at any time and, on occasion, his help can be vital. The insurance business saw one such occasion in the great volume squeeze of 1946.

It's not too impossible to conceive a combination of circumstances which could set off another such squeezing loss ratios, falling security markets and another round of bringing insurance up to value might very possibly turn the trick. In such a squeeze the reinsurer becomes a vital factor in the affairs of many primary companies and a terrific load falls on him, he said. The U.S. primary fire and casualty business is today a \$10 billion business. The U.S. professional reinsurance business is a quarter of a billion dollar business. Any event which makes it necessary for the big pot to call on the little cup for additional facilities fills the little cup awfully fast. The last time that happened, the professional reinsurance market took care of its clients to the ultimate limit of its strength.

Fond du Lac Board Presents Gift

Fond du Lac (Wis.) Board of Underwriters has purchased and presented to the Fond du Lac fire department a smoke ejector machine for use in fighting local fires. Robert Schuchardt, president, and Edward Dana, secretary, officiated at the presentation.



From the diary of an Agency Secretary



Inland Marine. I'll just never forget the very first IM policy Mr. L had me type up. "But, Mr. L," I said, "doesn't it have something to do with waterways and . . . and things? And we don't have any water around here—not even a . . . a lake!" Of course Mr. L quickly explained IM to me, in his best my-dear-young-lady manner. That was three years ago. Since then, well, we've been doing a land office (oh dear!) business with Inland Marine and PLM. One of our policyholders calls it his "rest-easy" insurance. And it's no wonder, when you stop to think what it insures against what! "Profitable business, too," says Mr. L, "when you know your prospect. And you can't beat that PLM policy . . ."

MR. LOCAL AGENT

Are you getting your share of the potential profits in writing personal property under Inland Marine? The insuring public is showing an ever-growing interest in this single-policy, all-risk protection. PLM has just produced a business-getting folder on Inland Marine. Better send for a sample copy. You may want to put it to work for you. It's yours free.

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Md. Agents Urged to Sell Business via New Commercial Form

The commercial property form is the alert agent's answer to the almost unlimited opportunities in the commercial field, D. M. Witmeyer, secretary of Security-Connecticut, asserted in a talk before the annual convention of Maryland Assn. of Insurance Agents in Baltimore.

Other than personal account class, commercial risks represent the greatest and most lucrative field for development, he said. Combined retailers and wholesalers inventories have grown from \$22 billion in 1948 to \$36 billion in 1956, a ready market to tap since the commercial field is relatively unsolicited and unprotected for all risk property damage coverage, Mr. Witmeyer said.

Pointing out that knowledge is a prerequisite to successful selling, Mr. Witmeyer urged agents to make a thorough study of the commercial property form and its rules when available in the state.

He imparted several competitive tips which could have a bearing on obtaining the lowest possible account rate and in saving or obtaining a commercial property line from competition. He said the policy should be issued for a three-year term to take advantage of 2.5 term factor.

During the term of the policy, he cautioned agents to watch for large changes in conditions so that the bureau can promulgate new rates if the rate and premium is inequitable. Reduced values, physical changes, watchmen or protection will materially reduce the rate. All possible discounts should be considered, he said. Certain discounts are available for reduction of the "all other perils" rate, and by getting insured to install burglary alarms, etc., a much lower all other perils loading can be obtained in the premium.

In addition to the normal mercantile risks, Mr. Witmeyer warned agents to watch for possible tie-ins. A corporation or partnership being covered under a commercial property form, may include subsidiaries in which they have majority ownership. These may be covered under the parent company's policy.

If adequate records are available and fluctuating values are present, he suggested that agents consider writing the form with a reporting endorsement so that insurance will fluctuate with the values, providing full protection at all times with insured paying for only the exact amount of insurance used. The initial rate is usually lower than the non-reporting rate. Also, if insured qualifies, he should be placed under the multiple location rating plan to take maximum advantage of substantial credits available, including 15% credit on the fire and extended coverage loading of the commercial property rate in excess of \$1000. Additional credits are applied for five or more locations, for favorable spread of values at risk between locations and for reflection of a favorable loss experience.

Mr. Witmeyer stressed the importance of applying the so-called 10% rule in certain types of operations which are not eligible for coverage under a commercial property form. However, the rules permit coverage of such property if it doesn't constitute more than 10% of value of all property covered at each location. Bailee risks as part of a larger opera-

tion or repair departments in department, radio and television stores are coverage possibilities. They may now be covered under a separate minimum premium marine contract and may be brought under the commercial property at a savings in cost. Other coverages in the agent's complete commercial portfolio are the office contents form and the merchandise floater form.

The commercial property form should be sold in a positive way, pointing out to insured the many obvious and unforeseen losses it guards against, Mr. Witmeyer said. It should not receive any resistance from prospects since it meets their rigid test of broad, comprehensive coverage at reasonable cost.

CPCUs to Hear Francis

Connecticut chapter of CPCU will hear an address by Byron Francis, insurance manager of Olin Mathieson industries, Nov. 15 at Hamden.

Aetna Casualty on Coast Bonds

J. A. Jones Construction Co. of Richland, Wash., and C. H. Tompkins Co. of Washington, D.C., as joint venturers have been awarded the contract by Pacific Power & Light Co. for construction of a 510 foot high, 2,000 foot long rolled-earth dam on the Lewis river in Washington at a price of \$18,217,000. Aetna Casualty is surely on the work.

Peter C. Kiewit Sons of Seattle, at a price of \$2,780,000 have been awarded the contract by Washington Water & Power Co. for relocation of the railroad at the Noxan Rapids Dam on the Clark Fork river, and Aetna Casualty is surely on this also.

Charles R. Rich, who recently was appointed inspector by North British group to succeed James B. Cooper, now state agent at Kansas City, has headquarters at 606 Concord building, Oklahoma City.

Mr. Rich, a native of Oklahoma, for three years has been with Oklahoma Inspection Bureau at Oklahoma City.

Wildprett Heads IM Operations for Pearl

Pearl has appointed William T. Wildprett manager of the inland marine department.

Mr. Wildprett began his insurance career in 1939 with Great American, and 10 years later joined National Surety Marine where he handled the nationwide operations of the inland marine department.

John Busch, who has been manager of Pearl's inland marine department, has resigned after 18 years with the company to go with another organization.

Insurance Women of Green Bay (Wis.) at their November meeting heard an explanation of the family auto policy by Richard H. Bolland, Green Bay local agent.

Surety Underwriters of No. Cal. Elect

Robert K. Entriken of Fireman's Fund has been elected president of Surety Underwriters Assn. of Northern California.

Other new officers are Donald L. Clark of Travelers Indemnity, vice-president, and Ashby C. Taylor of American-Associated, secretary-treasurer. Companies elected to the executive committee are American Surety, Continental Casualty, Fidelity & Deposit, Hartford Accident, Phoenix of London, Standard Accident and U.S.F. & G.

North British, parent company of North British group, marked its 148th anniversary of Nov. 11.

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William E. Lersch, Vice-President

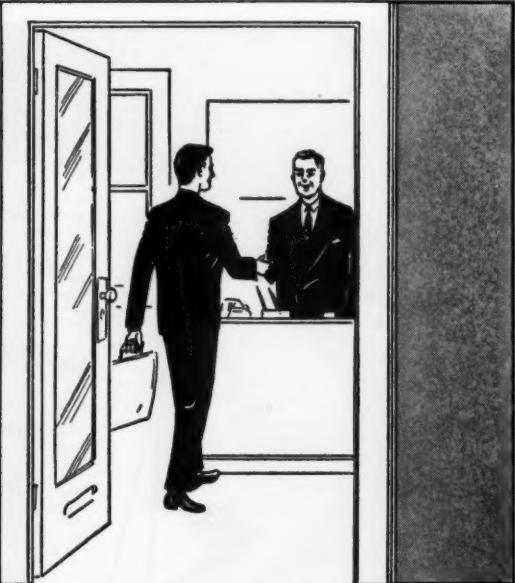


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Whenever an agent visits
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They're never too busy to talk over
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never too busy to help.



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Established 1885



**The PACIFIC COAST
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Established 1890



A Multiple Line Group

NEW YORK 38, NEW YORK

Travelers Shifts 16 in Fire, Casualty and Fidelity Fields

Travelers has made 16 changes in casualty, fidelity, surety, fire and marine lines.

Earl J. Seagars, assistant manager at Spokane, has been transferred to Phoenix, with headquarters at Los Angeles. Harry Mumaw, assistant manager at Winnipeg, has been moved to Spokane. John Hanks, field supervisor at San Francisco, has been appointed fidelity and surety superintendent at Albany, N.Y.

The following field supervisors have been named: Robert L. Stanley at Oakland, Cal.; David B. Gardner at San Francisco; Robert H. Snow at New Orleans; Richard W. Goodenough at Hartford; Theodore Britton Jr. at Washington, D.C.; Thomas H. Mitchell at Indianapolis; William L. Grace at Little Rock; Richard S. Recker at South Bend; Robert E. Hardgrave at St. Louis; John W. Sumerson at Richmond, Va.; William H. Baker at St. Louis, and David W. Weaver at Boston. Gaston M. Broyles, assistant manager at Corpus Christi, Tex., has changed his headquarters to Houston.

Insurance Federation Plans Annual Nov. 29

Insurance Federation of New York will hold its annual meeting Nov. 29 at Waldorf-Astoria hotel, New York. More than 1,500 persons are expected to attend. The annual luncheon will follow election of officers and directors and committee reports.

Post Joins Eckhouse Associates

Martin Z. Post of the New York bureau of Associated Press has joined Robert D. Eckhouse & Associates, public relations firm of New York City. The Eckhouse organization handles public relations activities for several insurers.

Fire Rates, Term Discounts Revised in Rhode Island

New England Fire Insurance Rating Assn. has revised fire insurance rates and has extended term discounts to all classes of fire risks in Rhode Island, leaving the resulting fire premiums virtually unchanged.

In the dwelling classes, the former 2 to 5 cent charges for combustible roofs have been eliminated, but rates for most dwelling contents have been raised one cent. The increase does not affect contents of unprotected dwellings or contents of multiple family dwellings.

Rates on mercantile buildings have been increased 5.3%, but mercantile stocks generally receive savings averaging 13.5% owing to their new eligibility for three and five-year term discounts. On textile, shoes and clothing stocks in brick and frame buildings, the increased rate is offset by the new term discounts. The discounts bring an estimated 13.5% savings for grocery and food stocks and a net savings of about 2.4% in the department store and general mercantile classes.

Rates have been reduced 6% on buildings and contents of banks and offices, while hotels and clubs face an 11% increase. Warehouse classes will save from 7% to 11% due to the extension of term discounts, with a somewhat greater saving for lumberyards. Machine shops will save about 7% with the term rule, but brick and frame precision products and jewelry manufacturing risks will get a net 13% increase. Sprinklered non-manufacturing classes face a 10% increase on brick and frame risks, with contents ineligible for term discounts.

Previous rate revisions in Rhode Island produced reductions of 5.1% in 1953 and 2.5% in 1951.

Parker Urges Stricter Qualification in Virginia

Commissioner Parker of Virginia urged proper qualification and training of agents in a talk to Norfolk Assn. of Insurance Agents. Stricter laws would result in better agents and more agents because the field then would become a worthwhile ambition, he said. The law profession has had great benefit from the stricter laws of the past 33 years.

He expressed doubt as to the effectiveness of the present examinations for those applying for agent licenses. Better examinations should be given and they should be reviewed more thoroughly, he said.

LaBissoniere to Los Angeles Office of Sayre & Toso

L. A. LaBissoniere has been named assistant manager at Los Angeles for Sayre & Toso Inc. and its affiliate, W. B. Brandt & Co. Inc. He succeeds Alvin L. Reese, who resigned.

Mr. LaBissoniere was formerly with Pearl Assurance at Philadelphia and later with Sayre & Toso. He returned from an extended leave of absence in Minnesota to take over his new position.

Chubb & Son Names Mooney

Chubb & Son has appointed Vincent W. Mooney chief engineer of the engineering department, supervising loss prevention and safety engineering work, effective Nov. 19. Mr. Mooney was construction safety engineer for the Port of New York Authority and has, for the past three years, directed the safety program at the Lincoln Tunnel third tube project.

Chubb & Son Holds Session on Atomic Hazards

(CONTINUED FROM PAGE 10)

atomic energy there have been only two or three deaths caused by radiation.

At present, the nuclear energy industry is the world's safest.

Radiation, of course, has its effects on materials, a point of interest to underwriters, he noted. Polyethylene plastic is improved in quality by irradiation, and is being used in motors, electric wiring, etc., in reactor installations. However, radiation affects rubber adversely. One result is likely to be modifications of electrical codes, he said.

When gamma rays pass through metal, heat is stored up and pressures are built up, he observed. These have to be restrained in addition to the normal pressures. The rays also affect the physical properties of metal, and the changes are sometimes favorable and at other times unfavorable. The effects are favorable enough in the case of hydrocarbons, such as oils and greases, that one oil company is irradiating such material to induce effects it could not get otherwise.

Another hazard is poison. Large quantities of fluorine, which is a deadly poison, are used in the atomic energy industry. This is, however, a hazard encountered to a degree in other industries where fluorine is also used. He noted that beryllium, one of the most poisonous of materials, is also used in the industry. It causes dermatitis. If a person breathes enough of it, he contracts berylliosis, which produces lung lesions. Beryllium dust in the air is dangerous and low limits for workers are strictly enforced, along with an even lower concentration for waste discard that may reach members of the public.

In order to get economic power via atomic energy, he said, the industry must work more and more with plutonium, which is poisonous and radioactive. Plutonium is difficult to handle, and it is easily airborne.

Also the industry works with elements that are explosive by nature, such as zirconium, thorium, uranium, and magnesium. They are explosive in the same general way that flour can be explosive.

Because of the great concentrations of heat in the reactor container, a small amount of gasoline, say three gallons, if it caught fire, could cause the container to burst. Consequently, he recommended that the underwriters insist on keeping gasoline off the premises.

The spread of radioactivity can cause insurance loss. In a Kentucky laboratory a dangerous mass of radioactive material was freed and was drawn into the heating system and spread throughout the building. This insured collected a substantial amount under business interruption because it was unable to use the plant for a long time.

High pressures are hazards in reactor plants. These are similar to those encountered in other industries, but the solutions in reactor systems are not the usual ones. Corrosion differs. Insurers should be certain constructors of reactors know how to build such systems properly.

Fires are a distinct hazard. The industry uses alkali metals such as alloy of sodium and potassium, and lithium. It does so because it can get up to 2,000 degrees without building up the pressure that is created when other

materials, water, for example, are heated. But if these metals solve some problems, they create others. They have a great affinity for oxygen. When they "leak," they are hard to fight; they resemble molten lava. Water simply causes them to explode. They have to be brought under control with salts.

High temperature materials such as fused salts also are used, he said. Others are liquid lead, liquid bismuth, and sodium hydroxide. The latter, like fused salts, is quite caustic.

One underwriter asked Mr. Byrnes whether motors going into reactor plants are checked for proper insulation, etc. He replied that the laboratory building the reactor would do this but no law controls it.

What about the theft hazard? another underwriter asked. He observed that enriched uranium is worth about \$10,000 a pound. Mr. Byrnes said that if the uranium had not been in the reactor process, it would not be dangerous for a person to handle. Presumably, then, it could be stolen.

Citizens L.C. Asks Stock Sale to National Auto

LOS ANGELES—Citizens Life & Casualty has asked the California department for permission to issue and sell to its sole stockholder, National Automobile & Casualty, 5,000 shares of \$10 par value stock. The stock is to be paid for by transfer from the surplus to capital account of Citizens and issued as a stock dividend. Citizens plans to increase its capital from \$300,000 to \$350,000 which is expected to qualify Citizens to write disability insurance in addition to life and certain casualty lines.

O'Donnell Goes on Own in Cal.

Cecil J. O'Donnell, who has been head of the casualty and bonding departments at San Francisco for Phoenix of Hartford since 1951, has opened his own independent adjusting office there handling automobile, casualty, workmen's compensation and surety claims. Mr. O'Donnell started as an adjuster for Aetna Casualty at Minneapolis in 1937 and after service during the war joined Anchor Casualty at Los Angeles as claims manager.



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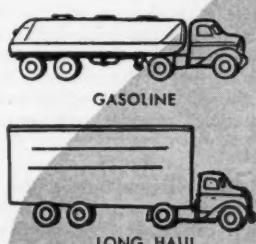
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Bickley Outlines Insurance Principles

(CONTINUED FROM PAGE 15)

should be considered as an expense of doing business and be borne out of current income. Insurance should be employed as protection against the large, uncertain losses which are not predictable and cannot be met readily from current income.

Insurance sometimes is bought for unnecessary and expensive purposes. The insuring of objects of limited value under plate glass, fur, or camera coverages result in minimum premium requirements which are out of proportion to the values insured. Why should the purchaser of a Cadillac automobile pay a \$2 premium for \$10 coverages for each disablement of the vehicle which results in towing or labor costs? Isn't it part of the cost of owning a car to have some small repair bills? Any such coverage as this is in effect a plan for "swapping dollars."

Deductibles eliminate coverage for small losses. Low deductibles bear a relationship to the frequency of losses, as well as their amount, for small losses generally occur far more frequently than do those causing total destruction of the property. The use of a high deductible is less related to loss frequency. It is designed to give insured the opportunity to bear any loss up to the limit he is able to handle.

Insurance which becomes effective only for losses in excess of the total of those normally expected is known as catastrophe or excess loss coverage. The purchase of true catastrophe insurance places a heavy burden on insured. He must be content with the chance that he may pay premiums for long periods with no recovery.

Self-insurers have employed the principle of catastrophe insurance for some time, although its use by commercially insured companies is of comparatively recent origin. Standard Oil Co. (Indiana) in 1951 completed a contract whereby it assumes the first \$500,000 of each fire loss. Weyerhaeuser Timber Co. recently entered into a fire insurance contract providing for a \$250,000 deductible.

Small or medium size concerns might consider such deductibles if they are financially able to carry part of the losses arising from a particular peril or if the cost of primary insurance is inordinately high. Large concerns may have an additional inducement because of the difficulty of purchasing primary insurance with as high limits of liability as they may desire. In the final analysis, the decision with respect to excess insurance rests on a consideration of the nature of the company's operations, the distribution of its assets, and its financial, reserve, and tax positions.

Under some circumstances the insurance buyer may achieve economies through self-insurance. This device allows the company to play its own losses out of funds specially allocated for this purpose. Self-insurance should be employed only if certain conditions obtain as to the nature of the risk and insured property and if the fund is administered soundly.

There must be a substantial number of units included in the program so that the law of large numbers will operate and the underlying loss pattern may be established. These units should be exposed to approximately the same degree of risk, as the systems would be weakened if a loss of one property would produce a disproportionately large loss. In fact, the value of each unit should be small relative to the

total property involved. Also, the properties being covered should be widely separated to avoid the possibility of a catastrophic loss.

A satisfactory self-insurance program is only possible if the concern can absorb the most severe loss possible without financial embarrassment. Loss records of the company and of other concerns in the same industry should be examined to evaluate this maximum single loss potential. The risk should be subject to some degree of control to minimize the possibility of a substantial loss. Top management must agree to institute and support an effective loss control program.

The nature of the reserve established as a financial guaranty of the security of the self-insurance system is of primary importance. Although not all self-insurers create funded reserves, such accumulations afford greater stability than do book reserves. Whatever the nature of the reserve

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operations should be charged at a rate sufficient to meet the losses. If it is the company's practice to merely absorb each loss as an expense of the business, there is no self-insurance plan in effect. This is non-insurance. If the reserve is funded, the monies should be kept inviolate in a separate trust fund for insurance losses only.

Other factors enter into a decision concerning self-insurance. If a company is operating under cost-plus contracts, self-insurance would appear less vital, as the plus factor would be recovered on premiums paid to insurers. Public utilities must determine whether regulatory authorities will allow the costs of a self-insurance program to be built into the rate structure. Consideration must be given to the tax status of accruals to self-insurance funds. Such deposits are not deductible until paid out as losses. Finally, state or federal laws or the terms of the company's contracts with other companies or agencies might require the purchase of certain forms of insurance from commercial insurers or state funds.

A modification of self-insurance is known as stop-loss insurance. This is a method employed in some casualty lines whereby insured agrees to bear his own losses up to an amount equal to a certain percentage of his customary insurance premium. This may be 60 or 70% of such premiums. If losses plus the fee paid to the broker administering the plan exceed this amount, such excess is recoverable under a contract with a commercial insurer. The remaining 30 or 40% of the current premium is used by the broker or other organization administering the plan to cover the cost of the excess insurance, engineering, and claims adjustment, and other services customarily provided by the insurer.

This device is especially appropriate if the company has been showing a favorable loss experience.

If premiums have run approximately \$100,000 and losses have been consistently below this, the insured may pay \$40,000 to the brokers and then pay his own losses until they exceed \$60,000. If losses are less than this, he gains accordingly. If they exceed the limit, the insurer pays the excess.

A final method whereby insurance costs might be held to a minimum is through a plan used by several brokers. All insured in a given field of business who place their insurance with the broker are classified as a group. When this group is submitted to an insurer, coverage can be provided at a reduced rate due to the economies involved. A major reason

why few such groups have been formed is that they are illegal in certain jurisdictions. If the members do not have a financial tie, or at least a community of interest, their combination cannot be justified. This common interest might be found among groups of lumber dealers, public utilities, or oil distributors.

N. J. Agents to Start Holiday Safety Drive

New Jersey Assn. of Insurance Agents and state officials will kick off their holiday traffic safety program at a dinner in Teaneck Nov. 13.

Leo Welch, assistant chief of the state bureau of traffic safety, will outline the state safety program as developed from a series of governor's conferences during the past month. Alan H. Miller of Hackensack, president of New Jersey agents, and Milton H. Grannatt of Trenton, chairman of the accident prevention committee, will present plans for the 1956 safety citation awards. Last year, every community that passed the holiday season without a traffic fatality was cited. The awards have been increased this year to include inter-community competition in every county.

Says Iowa Court Ruling to Affect Blue Cross Rates

DES MOINES—R. P. G. Lattner, executive director of Blue Cross in Iowa, told a meeting of Iowa Hospital Association that Blue Cross rates will be increased in Iowa if a court decision prohibiting hospitals from retaining their own specialists is upheld. A recent Polk county (Des Moines) district court ruling said it was illegal for hospitals to hire radiologists and pathologists for their laboratories. Mr. Lattner said that hospital costs will be increased as a result of this decision because hospital laboratories will lose about \$7 million a year in revenue.

However, the court decision said that space could be rented by hospitals to specialists.

Promote Henning at Chicago

Casper F. Henning, district manager at Chicago for Manufacturers Mutual Fire of Providence, has been appointed assistant vice-president and engineer. He has been with the company since 1923 and before that was with Alford, Burdick & Howson, consulting engineers. He succeeded the late C. H. Kramer as district manager.

Passaic County (N. J.) Assn. of Insurance Agents at its meeting in Clifton, heard Leonard Goldblatt, reader service director of the Bergen Evening Record, and voted on a proposed name change to Passaic County Assn. of Insurors.

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Companies Tell How to Go Multiple Line

(CONTINUED FROM PAGE 7)

papers are insured. Producers and the company believe that these are attractive to the public.

The automobile section covers all trailers rather than specified ones, and its personal accident cover is broader. The premium computation of the contract differs from regular packages. On dwelling fire the premium is the term premium less 10% divided by five with the premium paid annually. The company developed a term rate for PPF.

The average premium for the required coverages (dwelling fire and EC, PPF and personal liability) is between \$700 and \$800 for the term of five years or around \$175 annually. It is billed annually. The response to the contract has been surprisingly good. Volume has exceeded expectations. Coverages and the amount of coverages are larger than expected. The company is getting more insurance to value and more covers plus a better spread of risk.

The impact on a fire company going into casualty is "devastating," Mr. Roberts observed. If the company is in the fire business only it has a different problem than if it is in a casualty company entering fire. A fire company can get independent adjusters, outside technical services, and have business handled in one centralized office at great distances. Casualty services have to be delivered on the scene, there is not so wide a cost latitude, the company has to have its own claim, engineering and other services. There is little outside assistance that it can get, except attorneys and the like.

Fire Association started in one state plus the halves of two others so it could develop its servicing facilities rapidly. It did not want to let production get way ahead of servicing. The results of that are ruinous to the expense ratio.

The company early combined all of its automobile coverages into one package, he said, and combined inland marine, burglary and plate glass because of similarities. It was faced with the question of whether to handle in a new department such new coverages as homeowners, comprehensive dwelling policy, manufacturers output, mercantile block, and the like. It decided to write these in the fire underwriting department, and it has had no unusual difficulties to date.

Many companies have merged claim and loss handling and the tendency has been to train its adjusters to handle losses and claims across the board, particularly in the automobile field. Mr. Roberts still thinks, however, that with the large or unusual loss or claim, these across the board adjusters will have to be backed up by specialists. The average third party claim man regards the first party adjuster as the man who holds the claimant to his first asking price. But, he noted, in the fire field, there is the philosophy that where there is no fraud, insured is entitled to fair treatment, and the adjuster has much to do with selling the business to the public.

The exposure of fire people to casualty people is going to have a lot of benefits, he believes. It is silly for two men to adjust or settle a five point automobile policy that comes in one package.

Among the advantages of multiple line he listed flexibility in operation, especially in field activities, a distinct benefit to the small company. The speed of assimilation of new lines by

field personnel is rapid in personal lines but much slower in the commercial.

There are inherent cost advantages in ML he said. Often one person can serve where two did before, and when a cover is combined, the per unit cost goes down. There is, above all, better protection for the public in the elimination of overlap and gap.

Are there any disadvantages? Mr. Roberts thinks that possibly the companies have been in too great a hurry to broaden covers. This may be one of the things exerting a bad effect on underwriting results today. The problem of training is larger than might be supposed, it cannot be done quickly, it may take five to six years, it is certainly long and tedious. It is also important and needs careful consideration.

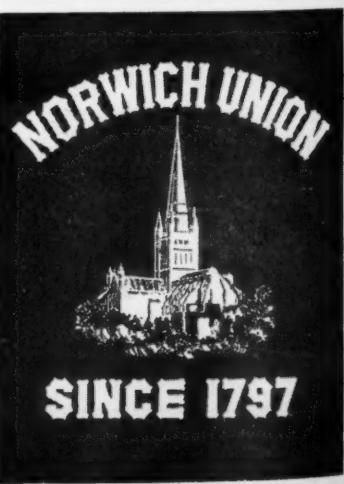
He suggested the need of considerable research that has not yet been done. For example, companies do not



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know what it costs to process a policy. They do not know whether the 20% discount on the homeowners is justified or if it is a handy figure picked out of the air and used for competitive purposes. The companies have not yet scratched the surface in research on cost reduction and in merchandising.

ML is here to stay, he concluded, and the advantages far outweigh the disadvantages. However, the water gets real deep quick, and a company has to look before it jumps too far.

The first consideration for a small casualty company going into fire is how to apportion use of capital and surplus between the two lines to preserve a proper balance, Mr. Gentry said. The second problem is to determine the capacity of staff and personnel and how this can be supplemented with needed talent.

Southern Fire & Casualty studied closely its market potential in the area in which it operates and investigated methods of distribution, combination of covers, rate structures, commission levels, etc. It had to consider the nature and character of its producers and the kind of fire business it could get from those producers if they were willing to place it in Southern F.&C.

It is perhaps more important with a small insurer than with a large to evaluate the company objectives carefully and relate them to the capacity of the insurer. Certainly the service that the company wants to and can afford to deliver to policyholders must be examined.

One of the real difficulties, Mr. Gentry said, is to establish the proper gross and net lines of business on fire lines. Certainly the company needs reinsurance to protect its operation in the early stages, and the extent of reinsurance to protect its operation in the early stages, and the extent of reinsurance is quite important so as to keep the operation in the new field contributing to the profits and to the service of producers and policyholders.

Another important matter is to educate stockholders on the need for the additional overhead, the impact on profits, and the prospects for the future.

Producers have a pattern of thinking. They have been giving the company casualty. The job is to get them to think of the company when they get in fire business.

If it can be financed, a public rela-

tions program is of the highest value— to get public recognition of the company in a new field that it is developing.

There is need for extended interchange of ideas among key personnel, he noted.

His company, he said, has developed a property owners comprehensive package policy, which is any one of the homeowners combined with full cover automobile, and it has experienced five times as many sales as with homeowners alone. The package develops an average premium of \$150 a year.

Mutual of N. Y. and Mass. Bonding Ask FTC to Halt A&S Proceedings

Lawyers for Mutual of New York and Massachusetts Bonding appeared before Federal Trade Commission to argue motions for suspension of further proceedings against the companies on charges of false and misleading A&S advertising.

Arthur O. Kaiser, assistant general counsel of Mutual, said the question was whether the case should be prosecuted regardless of the fact that his company has observed FTC's A&S trade practice rules, submitted its advertising to FTC, consulted with FTC and acted in good faith in the situation. He summarized a lengthy affidavit by President Louis W. Dawson reviewing the company's history and operations. This showed the company had no reason to mislead its policyholders and the public, Mr. Kaiser said.

Joseph P. Rooney, speaking for Massachusetts Bonding, said his company had submitted its advertising and abided by the trade practice rules. The fact that the company had denied FTC jurisdiction did not affect the situation, he said.

P. R. Melangton, FTC attorney, argued against suspending the complaints on grounds that, in view of the importance of the matter, there might be bad public reaction to such a move.

New Goldsboro Adjuster

Richard H. Bennett has opened an independent adjusting company at Goldsboro, N.C. He will operate in eastern North Carolina, primarily in Wayne, Duplin and Sampson counties.

He has been with General Adjustment Bureau since 1951 at Goldsboro. Prior to that he was for two years a staff adjuster for Motors.

Cambridge (Mass.) Assn. of Insurance Agents has elected Willard D. Wood president, George Curtin vice-president, and Jack Knowlton secretary-treasurer.

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Connecticut Agents Ask for UM

(CONTINUED FROM PAGE 1)

so much to make the convention successful, will continue in those posts.

Anyway it is used, compulsory is no good—for the public, agents, or companies, R. Newell Lusby, secretary of America Fore, said in his talk. Not long ago, he said, he lunched with Superintendent Holz of the New York department and the Maryland legislative committee that is studying the problem of the financially irresponsible motorist. Mr. Lusby, with Mr. Holz's permission, quoted the superintendent as telling the Maryland committee that he, Mr. Holz, had said before the compulsory law went into effect that it was a bad thing and would not work, and he now states after six months of getting ready to make the law effective, and six months before it actually becomes effective, that it is a poor law and will not work. He urged Maryland not to make the same mistake.

Compulsory is an intriguing and challenging subject, Mr. Lusby said. All of the sex appeal is with the proponents. "I carry insurance, why shouldn't everyone else?" The public cannot understand why the insurance business does not want it.

But fundamentally the question involved here is one of public welfare. Compulsory is one solution advanced by some, but, in his opinion, it is an unsatisfactory and improper solution.

The basic difficulty is that a certain number of people are injured or suffer property damage loss. Only some of them suffer that loss through no fault of their own. Of the remainder only some are unable to gain compensation for their loss—and only some of these fail to get compensation because the one who caused the injury or loss is financially irresponsible. This brings the problem down to its proper size, he asserted.

Some say compulsory is inevitable and that therefore those in the business, including agents, should set about writing a law better than the one in Massachusetts, a law as good as the one in New York, say. Mr. Lusby says: "It is still compulsory."

Others have suggested an equal responsibility law, under which the motor car owner is not required to carry insurance as a precedent to the use of the highways, but which provides that if he is caught using the highways without insurance he is fined and/or put in the pokey. Here again, Mr. Lusby said, it is still compulsory.

What is the extent of the protection afforded under compulsory? It doesn't cover hit-run, out-of-state uninsured (Connecticut is one of the greatest thruways in the U.S.), and the unauthorized user of an automobile.

In addition, limits under compulsory go down. In Massachusetts only 30% carry higher than statutory limits. In other states the percentage of motorists carrying higher than financial responsibility limits runs as high as 85. The psychology here is, Mr. Lusby believes, that if someone tells the motorist he must do something, he is going to do that and no more.

Can the law be administered so reasonably that the public is certain to get the results to which it is entitled from compulsory? In New York there are great many cars owned by farm families. They are laid up in a few winter months, and the insurance is suspended in order to save insured a few dollars. This cannot be done under New York compulsory. The registration and plates have to be cancelled with the insurance and then reinstated. Mr. Lusby does not believe that this is an improvement over Massachusetts.

Potentially the greatest danger of compulsory in New York is to the agent, Mr. Lusby observed. Once a certificate is issued a policy may be cancelled by the insurer only if it gives 10 days written notice to insured. Easy! The practice in the business is to send June renewals out in April and May. But June goes by and some renewals come back. The agent mails them to the underwriting office as not wanted. Not renewed is the same as a mid-term termination. Did the customer bring about the cancellation? Six months later he is involved in an accident, and the controversy is over who did effect cancellation. Mr. Lusby said if he were counsel for insured he would take the position that insured did not cancel, that insured had carried insurance with the agency for one, two or five years, and he would be happy to go to the jury with a case of this kind. He believes insured will win more often than not.

New York companies are going to have to treat cancellations and non-renewals with a dignity they have never treated them with before, he said.

Unless the agent wants to get a lot of documentary evidence on this transaction, the company will have to deal directly with insured—and what agent wants that to happen?

The New York compulsory law resulted from political expediency, Mr. Lusby indicated. Politics cannot be kept from rate making. He wonders what will happen when politicians from high rated Bronx get a chance

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to point out how low rates are in Westchester, a block away. There will be, he believes, charges of discrimination in rate making.

The truth, he said, what was said couldn't happen in New York already is happening. Taxpayers build and maintain the highways. Under compulsory who is going to say that anyone is not entitled to insurance—the "any-one" always being one who needs a car to get to work, to get the kids to school, etc.? Is the insurance company or agent going to keep him off the highways? Underwriting judgment can no longer be exercised. There is one alternative to that, which is to put the state in the business for those who cannot buy insurance otherwise.

It requires only the insertion of four words in the New York statute to put that state in the automobile insurance business, he pointed out.

Under assigned risks, many motorists are ineligible for coverage for vehicular offenses. The rule is that if there are two convictions in 36 months for one of these offenses, or one conviction of each of two of them, the motorist is not entitled to coverage. The governor in New York already has asked that the rule be changed from 36 to 18 months. If courts then were to assess median sentences, a man could get insurance before he got out of jail.

Compulsory is an insidious opiate, lulling people into the belief that they have nothing more to worry about—and all the time the bloody business on the highways goes on, he said.

* * *

Kenneth O Force, executive editor of THE NATIONAL UNDERWRITERS, discussed some of the influences which mergers among companies will exert on agencies. He also compared costs of getting the life company agents and the one-company agent into business with the fact that it does not cost companies anything to get the local, independent agent started in business.

Much of the panel discussion conducted by Stetson Ward of New Haven dealt with compulsory. Members of the panel were John B. Crosson of Hartford, Lester Shay of Willimantic, Mr. Learned, Herbert Bland of Hartford, and Mr. Lusby.

Mr. Corson was asked whether the UM endorsement would provide an alternative to compulsory in Connecticut. His questioner suggested that UM will not work in Connecticut because only 71.2% of motorists are insured. That figure is based on an analysis of those motorists who have accidents and come under financial responsibility. Thus a fund for the payment of claims against negligent uninsured would be bankrupt in a short time.

Mr. Lusby said that in New Jersey the uninsured motorist has no remedy against the unsatisfied judgment fund. He noted that North Dakota has had a UJF a long time, started when there were 50% of its motorists insured—and it has not had any financial difficulty, though the contribution to the fund never has been more than \$1.50. Figures on motorists insured taken from SR 21S contain some misclassifications of self-insured and otherwise he said.

What is proposed as an alternative to compulsory? Mr. Lusby was asked. He replied that the question is, what to do to stop compulsory. The question implies that an alternative is necessary. This is, he said, a political problem. There never has been a popular demand for compulsory. Join one side or the other and fight, he advised the agents.

"The reason you get into trouble in

insurance, taxation, school construction, welfare, or anything else," Mr. Lusby said, is that "you sit and talk but are not willing to devote two or three nights a week to fighting for what you believe in."

This is the greatest aggregation of salesmen in the country, he declared. If agents believe that the threat of compulsory is important to the economic life of the country and to the agents' livelihood, then they should get out and sell their position. All the political parties put together do not have as many workers as there are agents—if the latter are willing to do it, he said.

"If you don't believe it is worth while to fight compulsory, you ought to sell your agencies and get into some other business," he declared.

What is the reaction of the public to UM? Allstate has it, would it help to have it a part of the auto policy for free? Mr. Crosson said that at mid-summer companies and bureaus opposed the idea of supplying UM, but that position seems to have changed. The bureaus have taken jurisdiction and Mr. Crosson said he was confident that the endorsement will be offered in Connecticut in the near future.

Mr. Lusby was asked why the business should not establish a system of compensation for auto negligence claims, why bother about liability insurance—and why not insure the driver rather than the car?

He replied that theoretically, since it is the operator and not the owner who bears primary responsibility for causing the accident, perhaps he should be insured rather than the car. But that is intellectual reasoning only. One of the big things that has happened in insurance is the broadening of coverage by insuring the automobile. If the business now turns to insuring named drivers, much coverage will be given up.

As to payment without fault, Mr. Lusby pointed out that the present system of tort law is the product of centuries. Running through that body of law is a certain deterrence, the right to redress. But if a person contributes to the wrong, he is not en-

(CONTINUED ON NEXT PAGE)

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(CONTINUED FROM PRECEDING PAGE)
titled to redress. Deterrent forces in society are essential. Parents still discipline children. If persons are to be compensated for injuries to which they contribute, the change should come through the legislature and not the insurance business. He said he certainly does not want to start undoing centuries of law just because he is the officer of an insurance company.

Wouldn't the agent be better off commission-wise under compulsory?

Mr. Lusby said he didn't care how it was sliced, compulsory will be subject to political influence. After a cer-



Morton V. V. White



William E. North

tain point, if rates go higher, the business prices itself out of the market—the premium exceeds the cash value of the auto, as it does in some instances in metropolitan New York now. Then the pressure for sacrifice concentrates on the commission. The commission scale in Massachusetts is 7 to 12%.

When the agency system is more interested in its own income than in the public welfare, and agents are too lazy to go out and protect their own business, the system is dead and buried, he declared.

Would compulsory lead to the revocation of many features of the family auto policy? Mr. Crosson said that in Massachusetts political pressure to reduce or prevent a rise in rates led to reduction in coverage, for example, elimination of guest cover.

Mr. Bland said in answer to a question that if there is a need for a revision in the surplus lines law, any bill would be the joint effort of the association and the department. One problem the department has here and with other statutes is lack of leeway in interpreting the intent of the statute, by ruling, for example.

Why are new and used car dealers

allowed to settle their own claims with an agent-only license? Mr. Learned replied that the dealer is licensed to sell insurance and authorized by his insurance company to settle claims just as local agents are. One agent told of a used car lot operator who writes insurance and settles his own claims just like a miniature insurance company.

Mr. Ward said this obviously was a retrospective plan.

Mr. Shay commented that the statute provides that no one shall act as an agent, broker or public adjuster unless licensed.

Mr. Learned commented that the department states that as long as there is a licensed agent in the auto dealer firm, a representative of the firm may sell insurance on the premises but not while demonstrating an automobile away from the premises. This rule is being widely violated. The difficulty is to get agents to send complaints about such malpractice in the auto PhD field to the department. As many examples of this as possible are needed in connection with support of bills in the legislature.

Does the legislative committee plan to introduce legislation to prevent the licensing of auto dealers as agents in Connecticut?

Mr. Learned said that on Nov. 15 the committee will send to each member of the association a bulletin outlining the situation in Ohio and asking agents if they want a bill introduced in Connecticut which would insert in the controlled business and anti-coercion statutes the vendor-vendee phraseology of the Ohio law.

Would not this language prevent agents acting as real estate brokers? No, Mr. Learned answered, the prohibition would be vendor-vendee of personal property.

Does the appearance of a large delegation before a legislative hearing have much of an effect? Mr. Ward said it does. He recalled that two years ago at a hearing on compulsory only two opponents appeared, one an agent, the other a company representative. Legislators certainly are impressed by such lack of interest on the part of those affected by legislation.

It is reported that Nationwide plans to sell auto insurance on a group basis. Mr. Bland commented that the as-

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sociation hopes to be able to prohibit fictitious fleets with the cooperation of the department. Also, the association wants to get legislation which will ban artificial groupings for insurance purposes. Massachusetts has a statute providing that policies insuring risks in the same classification shall have an equal rate of dividend distribution. However, the Connecticut association bill will expand on this.

The atmosphere of criticism which has become more and more characteristic of the business in recent times has led NAIA to take steps to combat it. Morton V. V. White of Allentown, Pa., member of the executive committee of NAIA, said. One such step now is being taken. This is for members of that committee to sit down with executives of companies, on an individual, man-to-man basis and talk over the problems that are concerning companies and agents. He indicated that this effort promises much success.

Commenting on several problems, he observed that lately independent filings have led to a rash of efforts to "skim" the business, and if independent filing continues at the present rate, departments will have to shovel such filings into bins and close the drawer—they won't have time even to read all of them. The "skimmers" first showed up in the auto field, then entered the dwelling line. Other fields are not immune.

The skimmers, he said, turn their attention to lines on which the rates are redundant, and at least one bureau has set up a department to spend its time studying rates by line to determine if there is redundancy.

Why don't companies act before the raiders come? he asked. Traditionally they have waited; they are accustomed to look at changes carefully before acting. They are members of organizations—and organizations have their values. Proposals follow long and arduous courses through committee to committee to membership. He recalled that additional extended coverage was being debated in its 16th draft in Eastern Underwriters Assn. when the 17th came from the west coast and was promptly adopted.

Quicker action is needed today.

Much is said today, he noted, about agency selling. Even at direct writer rates, local, independent agents would have secured the business they didn't get if they had as good a merchandising method as the direct writer, or better—in addition to price.

He noted that H. K. Dent, chairman of Safeco, reported recently on where Safeco's \$2 million of business in 1955 came from—14.8% from Farmers of Los Angeles, 14.1% from Allstate, 15% from State Farm, 6% from other direct writers, 9.7% from bureau companies, 29.2% from independents, 11.2% from mutuals, 15% from brand new insured never written by any company before, and the 28% balance from insured previously written in General of Seattle, the parent company.

Merchandising will get business, Mr. White declared. The local agents know how to get it, and he can do so if he wants to exert the effort—night calls, for example. The present day new insured lives in a heavily mortgaged home and drives a financed car. He has to have insurance on his home and its contents and on his automobile. All the agent has to do is to get to him. Where, he asked, can the agent find today a better annuity than a bunch of homeowner policies? He can sell them. Mr. White told the story of one agent who tried and sold five out of six persons he told about the form;

the sixth bought one, from another agent.

In his administration report Mr. North commented on the success of the association's public relations program. The advertising campaign this year did not have all local boards as subscribers, but where they used the program, it produced good results.

There are a lot of problems ahead, he said, among them the sale of insurance through grocery stores, which Missouri has approved. He expects agitation to continue for writing coverage on fictitious groups.

The new president of the association, George W. Haynor of Waterbury, operates an agency under his own name there, and has been active in the business in that community for 26 years. He is past president of the Waterbury association and in addition to serving as a member of the executive committee of the Connecticut association, he has been chairman of the local boards and membership committee.

Mr. Crosson, president of the Hartford board, welcomed conventioneers and greetings were delivered by Mrs. Esther P. Schindler, president of Hartford Assn. of Insurance Women; James B. Tanner of Century Indemnity, president of Casualty & Surety Assn. of Connecticut, and John Pinkney of Security-Connecticut, president of Connecticut Field Club.

The department is near the end of its work on insurance overcharges on financed automobiles, Deputy Albert I. Premo reported. As of last week \$465,533 had been refunded to 18,244 Connecticut car owners. This would have been \$50,000 more if additional motorists had answered the department questionnaire.

The next step, he said, is to see that in the future such overcharges do not happen again. This includes some legislative action, and he asked for the support of agents for that.

Mr. North acted as master of ceremonies at the annual banquet. He presented the North cup to the New Britain board for outstanding achievement in the field of public relations. Martin Horowitz of New Britain accepted the trophy. The Cowles attendance cup went to Norwich, and Harold O'Connell, secretary of the board, accepted for his group.

The memorial scholarship in honor of the late G. B. Fisher of Hartford, past president of the association, went to Robert McPhail, a senior at the University of Connecticut who is specializing in property insurance. His father, Alex McPhail, is a local agent at New London.

Mr. Haynor presented Mr. North with a certificate and an appropriate gift, and presented certificates to Paul Avery of Grandby, the retiring state national director, and to William Murphy of New Haven, a past president, who is going off the board.

Mr. White installed the new officers.

Mr. North observed that Paul M. Mayer of No-Cal Corp., a featured speaker of the day, and Mrs. Mayer, were observing their 19th wedding anniversary. The banquet crowd gave them a big hand.

Several companies maintained hospitality suites, including Aetna Fire, American Auto-American, Boston, Chubb & Son, Commercial Union, Fireman's Fund, General Accident, Hartford group, Hartford County Mutual, London & Lancashire, Lumley-Dennant, Merchants Mutual, National Fire, North America, Northern of New York, Pacific Fire, Phoenix-London.

Travelers' Weather Center Working on Air Force Problems

Travelers' weather research center is carrying on two vital research projects in conjunction with the air force. One project includes utilizing probability forecasting to assist base commanders in carrying out hurricane evacuations or precautions. The other problem is the attempt to determine weather conditions in military operations over an area for which no observations are available.

Thomas F. Malone, director of the center, said that techniques are being developed with the aid of high speed electronic computers by which weather conditions over one part of the hemisphere can be obtained in approximate fashion from known weather conditions over another part of the hemisphere.

In the matter of hurricane evacuations of military aircraft, he pointed out that base commanders' decisions depend on the cost of carrying out the evacuation, the potential loss, and the risk of the hurricane actually striking. The decision which gives the best operating procedure, he explained, is based on a mathematical relation known as the principle of the calculated risk among these three factors.

Ex-N.J. Field Men Elect Mallalieu Chief

Ex-New Jersey Fieldmen's Assn. has elected as president F. W. Mallalieu, secretary of Great American, at the annual meeting in New York.

Other new officers are Carl F. Fry of Boston, vice-president; William T. Murphy of General Adjustment Bureau, secretary, and R. C. Williams of Hanover, treasurer. Twelve new members were introduced to bring total membership to 79.

N. Y. Board Elects Richard Chairman

New York Board has elected as chairman of the board Eugene C. Richardson, vice-president of American.

Harry L. Landen, vice-president of Springfield F&M, has been named vice-chairman of the board.

New California Insurer

LOS ANGELES—Transnational of Los Angeles has been licensed to write fire and automobile insurance in California. The company has \$300,000 in capital and \$300,000 paid-in surplus. Budget Finance Plan of Los Angeles is the sole stockholder, and all company officers are officers also of Budget Finance Plan.

Rent-a-Car Firm Can't Rely on Owner-Only Coverage

A subscriber asks: Does the new family automobile policy give drive other car coverage, including hired car coverage, for relatives of insured and spouse? If my daughter, who lives with the family, traveled out of town and rented an automobile there, would my family automobile policy protect her if she were involved in an accident? The rent-a-car company would have insurance to cover only its interest.

The same question is in reverse if we were insuring the drive-it-yourself company. Can it safely buy liability covering its interest only, and advise its clients that they would be properly covered under their own family automobile policies?

National Bureau of Casualty Underwriters replies: Any relative of insured who is a resident of the same household is insured for bodily injury and property damage liability with respect to a private passenger automobile or trailer not regularly furnished for the use of such relative. Therefore, the daughter would be covered. In answer to the second question, because of coverage required by the statute of many states, owner-only coverage is not permitted for drive-it-yourself companies.

Surety Underwriters of So. Cal. Elect

Surety Underwriters Assn. of Southern California at its annual meeting in Los Angeles elected A. L. Blackburn of Hartford Accident president to succeed H. J. Pottinger of Fidelity & Casualty.

Other new officers are Arthur J. Clement Jr. of Maryland Casualty, vice-president and A. Allen Moss of Glens Falls, secretary-treasurer.

Executive committee members in addition to the officers and Mr. Pottinger are Leonard D. Jenson of Fidelity & Deposit, Fred Hagen of Employers group and Robert J. Huntsberger of American Surety.

Mr. Blackburn, the new president, has more than 32 years experience in the surety business. He was transferred from the San Francisco to the Los Angeles office of Hartford Accident in 1949 and is a past-president of Surety Underwriters Assn. of Northern California.

Insurance Women of Wichita Falls, Tex., heard reports on the convention of the state organization at the October meeting. It was announced the local association had won the federation award for membership increase.

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REINSURANCE

ON INDEPENDENCE SQUARE

Elections to Bring New Faces to Ranks of NAIC

(CONTINUED FROM PAGE 1)

his predecessor, but he advised the life and property agents' associations before the election that he would consult and secure their recommendations concerning the appointment of an insurance commissioner. Seven names are being bandied about for the position to succeed Walter Jones. If Mr. Jones resigns or a new appointment is made, one of the persons prominently mentioned is Gordon Hanson, now deputy commissioner.

Commissioner William Davey of Indiana is a career man and it is presumed that he can retain the post of commissioner if he wants it. Governor-elect Handley said in his campaign that he would make "non-political" appointments. Handley represents a different faction of the Republican party than his predecessor, George Craig, but these differences are not expected to extend into the insurance department.

In Massachusetts, Iowa and West Virginia, the incumbent commissioners have appointments extending up to 1959, but there have been changes in the political complexions of those states and many insurance people expect that one or more of the commissioners—Messrs. Humphreys of Massachusetts, Miller of West Virginia and Bennett of Iowa—could well be out of office as the result of political pressures.

Commissioner Joseph A. Navarre of Michigan was belatedly confirmed to a second four-year term last week just before the Michigan senate adjourned a special session. Confirmation of the appointment had been held up for months because the Republican senate majority wished to make the replacement of Mr. Navarre, a Democrat, easy for a possible Republican governor. However, G. Mennen Williams, who named Mr. Navarre originally, won his 5th term Nov. 6. Mr. Navarre, incidentally, became a grandfather on Nov. 3 when a son, Joseph A. Navarre IV, was born to Mrs. and Mrs. Joseph A. Navarre III of Jackson. The commissioner's son and daughter-in-law live in Jackson.

Gov. Stratton was reelected in Illinois, and his insurance director is Justin T. McCarthy. The Chicago Sun-Times in an editorial before the election said Gov. Stratton had indicated he would make a change in the insurance department when Mr. McCarthy's term expires in December. This is the only printed observation on the future of the Illinois director. Mr. McCarthy, however, has been under fire from the St. Louis Post-Dispatch and other newspapers, and this bolsters speculation that there may be a change.

The final determination of who is going to be governor of Rhode Island beginning next year will come Dec. 5 when 11,000 or so absentee votes will be opened and counted. At present the incumbent, Gov. Roberts, a Democrat, is leading Christopher Del Sesto by 190 votes. The Rhode Island insurance commissioner is George A. Bisson who has no definite term and who was appointed by Gov. Pastore, a Democrat, who preceded Gov. Roberts. Mr. Bisson, therefore, will be attending the NAIC mid-year meeting in Miami without knowing whether he is a lame duck.

The term of Morris Brownlee, interim casualty commissioner on the Texas board of insurance commission-

ers, will expire next February, when the appointee for the full six-year term will be named by the incoming governor, Price Daniel.

Mr. Brownlee, who is filling out the unexpired term of Garland A. Smith, resigned, is an appointee of Governor Allan Shivers, who will leave office in January. Mr. Brownlee, according to common report, will not be a candidate for reappointment.

The new Democratic governor in Missouri presumably will not make any change in the insurance department, where C. Lawrence Leggett holds forth.

Bureau Brings Out Broad Form of UM Cover

(CONTINUED FROM PAGE 1)

coverage for families not owning automobiles will be made available at the earliest possible date by means of a separate policy wherever permissible under state insurance laws, the bureau has announced.

President Robert E. Battles of National Assn. of Insurance Agents issued a statement enthusiastically endorsing the bureau move. NAIA termed this an excellent form of uninsured motorist coverage which puts agents in a position to provide the public with a true insurance industry alternative to such demand for compulsory auto as may exist on the part of the public.

When the agents requested this coverage at the NAIA meeting in Hartford, the bureau did not even have jurisdiction over the subject, the statement points out. Yet the bureau undertook the study of the coverage which agents had requested, it was given jurisdiction in the matter and it has, in record time, come up with a finished product of which "we can all be proud."

NAIA is particularly gratified that the coverage will be available to non-automobile owners because thus the insurance answer to this situation is available to every citizen.

The NAIA statement notes that the insurance provides protection for the victim of the hit-and-run driver, which no compulsory law itself can ever do. The coverage is not a compromise but actually a better solution to a recognized social problem and is offered to the public with none of the inherently reprehensible characteristics of a law of compulsion.

The statement hails the development "as the first evidence supporting our faith in the possibilities of progress through close cooperation between agents and company management." It congratulated the NAIA special automobile committee under Joseph A. Newmann for its part in this development and commended company executives who interested themselves in the matter and brought it to such a rapid and satisfactory culmination. This is only the first step in a new era of progressive and imaginative thinking which will bring companies and agents together in an aggressive development program, taking them both off of the defensive once and for all, NAIA states.

C.&S. Club Dinner

Casualty & Surety Club of New York will hold its annual Christmas dinner at the Hotel Commodore there Dec. 13.

The Hatfield Agency of Bridgeport has moved to new and larger quarters at 753 Fairfield avenue. The new office has customer parking facilities. William Hatfield, head of the agency, is a past president of Connecticut Assn. of Insurance Agents.

Kentucky Department to Audit Homeowners

(CONTINUED FROM PAGE 1)

in Kentucky instruct their agents that on or before Dec. 1, 1956, all homeowners daily reports are to be sent to the Louisville office of this department which is located in room 963 Starks building, Fourth and Walnut streets, Louisville, Ky.

That daily reports of such companies will be carefully checked by employees of this department and forwarded to the proper company in envelopes which will be furnished to us by said company, and appropriate charge will be made for this service. If necessary, examiners will be sent to the individual companies or rating organizations to determine whether not this order is being complied with.

"An immediate acknowledgement of this order is requested."

There is almost no doubt that the companies will take this matter to court. If the dailies are sent to the department and the companies are charged a fee for the auditing service, they will in effect be paying for the auditing service of Kentucky Inspection Bureau as well as the department.

George H. Parker, manager of Kentucky Inspection Bureau, has issued a bulletin to company managers and field men, saying that the commissioner has agreed that dailies could be sent on homeowners either to the bureau or the department, but the department must be informed as to which procedure will be used.

Mr. Parker's letter reads:

"I have been permitted to see a copy of the letter which Commissioner Thurman is sending to you today. While I have been fearing this action, I was hopeful that it would be unnecessary for the commissioner to take such a drastic step, which establishes a dangerous precedent and may spread to other classes of business.

"Naturally, I have protested this action on the part of the commissioner. Without assistance, the department cannot audit these dailies and we will be required to furnish the correct rate applying to each daily. This means a duplication of work, delays and additional expense to our companies.

"Commissioner Thurman finally agreed that a company may fulfill his requirements by having its dailies sent to the Kentucky Inspection Bureau for audit. If a company wishes to accept this alternate plan, it must so notify him promptly.

"The commissioner instructed me to emphasize that, if a company does not wish to follow either plan outlined above, he will periodically send examiners to the company offices to make a transcript of the dailies."

The question of auditing homeowners policies in Kentucky has been agitated for nearly a year. Some of the agents in Louisville complained that improper rates were being used as a result of misclassification, and the commissioner had a hearing a few months ago to determine whether auditing should be required. After the hearing he issued an order that all homeowners should be put through the inspection bureau, and this ruling was taken to court and this is the decision that was reversed and brought forth the order to have these policies audited by the insurance department.

London group's New York offices will close at 3 p.m. Nov. 21 for the entire Thanksgiving weekend and will also close Dec. 21 for the entire four-day Christmas weekend.

17 States Approve IMIB's Commercial Property Coverage

Inland Marine Insurance Bureau's commercial property coverage has been approved in 17 additional states.

The states with effective dates of approval are Connecticut Nov. 19, Indiana Nov. 15, Iowa Nov. 6, Michigan Nov. 26, Minnesota Nov. 15, Missouri Oct. 19, New Mexico Nov. 15, Pennsylvania Nov. 15, Washington Nov. 1, Alabama Nov. 1, Delaware Nov. 1, Florida Nov. 1, Kentucky Oct. 15, Nebraska Nov. 1, North Dakota Nov. 15 and Wyoming Nov. 15.

In Michigan companies must make individual filings of the commercial property coverage, the basic policy consisting of the standard fire policy with commercial property form 42 attached.

Charges Owners Filed False Petitions in Forming Ala. Insurers

The co-receiver of three bankrupt insurance companies testified at a hearing in Montgomery that the owners, two brothers, filed false petitions and statements with the Alabama department.

Morris Burkett, attorney and accountant, told Circuit Judge Walter B. Jones that John N. and Virgil McGehee filed a fictional statement with the state on Dec. 1, 1954 and that petitions for company licenses included bogus lists of policyholders. He said the stockholders received profits that should have come from earned surplus which actually was nonexistent.

Lawyers Fire & Casualty, Professional Mutual Casualty and Legal Mutual went into receivership last August after the state alleged that their books indicated insolvency of \$525,000.

McKernan Leaving NAIA to Join IRIC

Thomas J. McKernan, director of education for National Assn. of Insurance Agents, will resign Dec. 1 to join Inter-Regional Insurance Conference.

He has also been staff secretary to the NAIA property insurance, casualty insurance and educational committees. Since joining the association in 1953, he has traveled to 24 states to lecture at state association schools and regional meetings. He also has been an instructor in casualty contracts at Insurance Society of New York and has coordinated insurance courses at Wagner college, Staten Island, N. Y.

Prior to joining NAIA, Mr. McKernan was a special risk underwriter with Atlantic Mutual and before that was an auto and liability underwriter for America Fore. He also conducted his own brokerage office and worked as a fire adjuster for a public adjusting firm.

Gardner To Montreal As Dale & Co. Director

MONTREAL—John Gardner, who has been chief underwriter for Dale & Co. at Toronto since 1950, has been elected a director of the firm and transferred to the head office here.

A native of England, Mr. Gardner started his insurance career with Pearl there and came to the United States with that company, working in New York, Cleveland and Chicago. After wartime service in Canada, he spent five years in New York as vice-president of Canadian Aviation Insurance Managers, which is affiliated with U. S. Aviation Underwriters.

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